

**RELATIONSHIP BETWEEN TOTAL REWARD MANAGEMENT SYSTEMS  
AND EMPLOYEE ENGAGEMENT: A CASE STUDY OF BAMBURI CEMENT  
LIMITED, KENYA**

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## **DECLARATION**

### **Declaration by Student**

This research project is my original work and has never been presented for a degree in any other University. No part of this work should be reproduced without my consent or that of Management University of Africa.

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### **Declaration by the Supervisor**

This project has been submitted for examination with my approval as University Supervisor

Sign: .....

Date: .....

Selina Makokha

The Management University of Africa

## **DEDICATION**

I dedicate this project to my mother Grace Thendi and supervisor Selina Makokha who provided a lot of guidance throughout the project. Thank you for your support and guidance.

## **ACKNOWLEDGEMENT**

I acknowledge the support provided by my family and colleagues during this research and appreciate their valued contribution.

Many thanks to my supervisor Selina Makokha for the guidance provided during the preparation and writing of this project report.

I also acknowledge and appreciate the contribution made by the University through provision of various resources which enabled this project be a success.

## ABSTRACT

The general objective of this study was to examine the relationship between total reward management system and employee engagement at Bamburi Cement Ltd, Athi River. Numerous studies, such as performance measurement and organizational performance have been conducted but the aspect of total reward systems and its effect on employee engagement has not been researched. This study seeks to close this research gap. The study was guided by the following specific objectives: to determine the effect of compensation on employee engagement, to establish the impact of benefits on employee engagement, to investigate whether personal and professional development influences employee engagement and finally to determine the effect of work environment on employee engagement. The study used Fredrick Herzberg's Motivator-Hygiene Theory and Expectancy Theory to support the research. For the research methodology, the researcher adopted the descriptive research design and stratified random sampling technique was used to arrive at the sample size since the population of interest is not homogeneous and could be subdivided into groups or strata to obtain a representative sample. This research was conducted at Bamburi Cement Limited, Nairobi Grinding Plant in Athi River. The research targeted Nairobi Grinding Plant population which has 200 full time employees in operations. The study was conducted on 60 employees from different sections. Primary data was collected using closed ended questionnaires as well as interview selected employees. The relationship between variables was established using regression analysis. It incorporated both qualitative and quantitative approaches resulting in effective analysis. Statistical data analyses was done using Statistical Package for Social Sciences tool (SPSS). This study therefore was to determine whether employees indeed became engaged when four key variables namely, compensation, benefits, personal and professional development, and work environment elements were put in place as a reward strategy. Regression of coefficients results showed that compensation and employee engagement were positively and significantly related ( $r=0.458$ ,  $p=0.007$ ). Benefits and employee engagement were positively and significantly related ( $r=0.352$ ,  $p=0.002$ ). It was further established that personal development and employee engagement were positively and significantly related ( $r=0.269$ ,  $p=0.001$ ). Similarly, results showed that work environment and employee engagement were positively and significantly related ( $r=0.145$ ,  $p=0.018$ ). In conclusion the study revealed that reward management in business organizations is extremely important as the reward package helps to attract employees, retain employees and influence performance and behavior at work. It is recommended that both employer and employee are involved in designing and launching the reward programs in order to bring a balance in the needs and wants of the organization and those of the employee. It is also recommended that total reward mindset be enhanced as it goes beyond the confines of pay alone and reinforces communication on employer branding through employee value proposition.

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## **ACRONYMS AND ABBREVIATIONS**

**NGP:** Nairobi Grinding Plant

**KPI:** Key Performance Indicators

**BCL:** Bamburi Cement Limited

**SPSS:** Statistical Package for Social Sciences

## OPERATIONAL DEFINITION OF TERMS

**Motivation:** Eagerness and willingness to do something without needing to be told or forced to do it.

**Performance:** The action of achieving or realizing a set of desired outcomes by a person for or on behalf of another. It involves execution of set targets or goals.

**Employee Engagement:** The concept of employee engagement is often defined as ‘willingness to go the extra mile’. Macey et al (2009:7) said that engagement is when a person portrays a great sense of ownership and drive in performance of a task directed to realization of targets..

**Total Reward:** The total value of different aspects of reward package that an employee would view as important and of value in comparison to their effort.

**Compensation:** Pay provided by an employer to an employee for services rendered, includes both fixed and variable pay.

**Benefits:** Programs an employer uses to supplement the cash compensation that employees receive. These are retirement programs, health insurance and income protection.

**Personal and Professional Development:** A set of learning experiences designed to enhance employees’ applied skills and competencies. Also involves the plan for employees to advance their career goals.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.0 Introduction**

This chapter contains background of the study, statement of the problem, objectives of the study, research questions, significance of study, limitations, scope of the study and the conceptual framework. The chapter begins by giving background information on topic of discussion that enables researcher formulate research questions and the purpose of the research. The purpose of this study was to research, study and improve reward management systems in the organization with a view of engaging employees of the organization or company.

### **1.1 Background of the Study**

In recent years there is a lot of attention and interest on total reward which encompasses recognition, work life balance, learning and development, benefits as well as compensation. Total reward has replaced compensation and benefits. According to Aon Hewitt (2012) Total Reward Survey defines total rewards as everything an employee gets from the employer that they find rewarding (i.e. compensation, benefits, environment, learning and development). Due to compensation, a lot of businesses have had to find alternative ways of motivating their employees. Rewarding through wages and benefits year on year is becoming difficult for organizations due to the high cost and this has resulted into a lot of study on reward in order to examine the alternative options and their effectiveness. For a long period people have thought that rewarding through compensation will ultimately get them the talent that they need which has been found not sustainable for the business neither does it guarantee the company that the

employee will stay. Employees are becoming complex by the day and so are their needs and wants. They are looking for other aspects such as a great environment to work in as well as career growth over money. This there makes it important for organizations to research and find out what is it that can attract people and make them stay.

**Figure1.1 The Total Reward System (Armstrong & Brown)**



Variable pay system rewards employees based on performance. Benefits such as health care and insurance have a hefty price tag (Gerhart & Rynes, 2003). Employees value learning and development but the organization mainly feels the real essence of this component when it enables workers to acquire skills that result in innovative products and services that rival competition (Barney & Wright, 1998). Stajkovic and Luthans, (2003) stated that organizations should mix and match different reward components with the aim of enhancing engagement.

The main element that enables organizations to earn competitive edge are its human resource. It is therefore important for it to attract talented people and ensure they retain them as well as

equip them with all that is required to ensure that they acquire the necessary skills required to enable the organization come up with innovative products and services that can effectively rival with those of competition as well as ensure their needs are met so that they are continuously motivated and engaged.

A positive work environment has the effect on employees as it causes them to be engaged. The ideal environment according to the model, comprises of a total reward strategy that is well formulated through consideration of external influences such as labour market, economics and many more in order to define the business and human resource strategy. The fact that people are different and are motivated by different things, means that the organization has to come up with the right mix of rewards to address this diversity. Organizations use engagement as a term that embraces everything that they would want to address with regard to employee behavior and contribution in terms of job performances, organizational citizenship and discretionary effort and commitment. The significance of the concept of engagement is at the core of employer/employee relationship and the importance attached to this notion has intensified recently in association with the rise of total reward concepts. It is high on the reward agenda of a number of leading organizations. Reward done well can drive engagement through out the organization.

The dominant definition of engagement which informs published academic research is that to do with an individual's relationship to their job activities which causes them to experience a multi-dimensional psychological feeling (Bailey, 2015). Recent diary studies (Kuhnel, 2012: Petrou et al, 2012: Sonnentag, 2012) have suggested that engagement can be said to be a state since it can change depending on environment factors after conducting tests and finding fluctuations in engagement levels during the working period of employees. Engagement may



be considered team work is involved or even be directed to people's or employees work tasks (Salanova, 2005; Schaufeli and Salanova, 2011). Engagement throughout the world has been found to be a critical level (Hewitt, 2013); Gallup, 2013; Hay Group, 2013; Mindset Management Programs, 2014). The picture is not good either in South Africa where statistics show that 43% of workers have thought of leaving the jobs while 80% are already disengaged. Worldwide South Africa employees are considered to be amongst the most highest disconnected employees (Rothmann, 2015).

Work in China also suggests that turnover intention is linked to pay satisfaction and in a study by Hu and Schaufeli (2011) it is also shown to be partially mediated by engagement. After they have gone through lost bonuses, freezes of wage and increased demands of work and downsizing, organizations are now becoming more concerned in maintaining their employees are engaged.

Employee engagement, a new corporate battle cry has been created as it has become difficult to motivate employees in these circumstances considering that when the economy improves these top talent will leave organization in such of greener pastures. People who enjoy, value their work and have pride in it can be said to be engaged. They are looking forward to assist each other and the organization do well; take additional responsibility; invest more time in their jobs; share information with other colleagues; and are retained in the organization as compared to employees who are less engaged. To employees, pay is critical, but it is rarely considered to be their ultimate desires. There is however a huge impact and can be disengaging when benefits are withdrawn or withheld, organizations fail to promote or to even unfairly allocate bonuses or incentives. This results in getting reward wrong as certain aspects are held as indicators of the extent to which individuals feel valued by their organization. A

lot of employers and those managing reward value attracting key talent. It is therefore important to ensure that in trying to create engagement, sections of the population are not disengaged because management got reward wrong by failing to create equity in reward and creating imbalances in how people are compensated.

Indeed, it is possible that changes to the total reward structure intended to increase motivation will decrease organizational engagement if not dealt with very carefully and in a manner perceived to be fair, particularly in terms of pay reforms. Ensuring evident fairness in the pay system and effective communication about the total rewards offered, which then cannot be dismissed by employees as cynical attempts by the organization to keep overall pay low. Pay progression systems, especially those linked to performance, can potentially be used to motivate employees, but if employee don't believe in the process, it can demotivate (Armstrong, Brown and Reilly, 2010).

Whilst good and appropriate reward systems that contain both financial and non-financial elements can help to build employee engagement, these need to be very carefully considered, as the evidence suggests that when reward is not well designed, it can cause disengagement. Where total rewards are designed and communicated well, and employees report feeling 'totally rewarded', then higher levels of engagement and performance do seem likely to occur. The evidence to date makes it clear to us that there is no total reward 'silver bullet' that will inevitably result in more engaged employees and higher work performance This means that employers will have the best chance of improving their engagement levels through total reward strategy if they first begin with a very careful and deep investigation into the current organizational strategy, structure and culture according to Armstrong (2006). They should also consider what brings their employees to work in their organization and what most

motivates them. This will allow a flexible, segmented and variable total reward model to be constructed that meets the differing needs and aspirations of different groups of employees.

Bamburi Cement Ltd is among seven cement manufacturing companies within Athi River. It is a member of LafargeHolcim – Switzerland a multinational company and world leader in cement production and building materials. The company started in Mombasa more than 60 years ago but has gradually grown and set up a grinding plant in Athi River with its head office being situated in Kenya Re-Towers in Upper Hill. Bamburi Cement Limited's first cement plant was installed in Mombasa and started production in 1954 with an annual capacity of 140,000 tonnes of cement. The choice of Mombasa was influenced by presence of a wide source of coral stone, the main raw material for cement. Currently, the Mombasa plant has the capacity to produce 1.3 million tons of cement per year. BCL is the largest cement manufacturing company in the region and its Mombasa plant is the second largest cement plant in sub-Saharan Africa. BCL has three subsidiaries in East Africa, namely Hima Cement Ltd (HCL) in Uganda, Lafarge Eco Systems Limited (LES) and Bamburi Special Products (BSP). The cement manufacturing industry is a fast growing and competitive industry in Kenya and the wider Eastern Africa. The entrance of two more manufacturing companies in 2008 and 2010 brought about a decrease in the price of cement while also making it more accessible to the customers (Were, 2013). The new players in the market are seeking competent, trained and experienced staff for their production lines. Blue collar workers in BCL are mostly sourced from the supply of casual workers available in Athi River town, whereas the white collar workers in senior management positions all possess similar work experiences, having been sourced from the job market during the same period and therefore hold similar education qualifications (discussions with senior manager of BCL). This poses a

serious challenge to BCL to ensure that its staff are well motivated, engaged and have a strong sense of loyalty, otherwise they can be poached by new entrants who are seeking already trained and developed staff. Any staff leaving BCL is a major loss to the company since it has spent huge amounts of money to train and develop their staff. The organization has in the past conducted employee engagement surveys in an effort to bring out some of the issues affecting them and what conditions needed to be in place to enable them be engaged. These issues have not been successfully addressed and the attrition rate has started increasing, less agility in dealing with issues that the organization faces day to day, be it internal or external, as well as lack of trust between staff and management. Lack of agility in addressing operational issues has led to high truck turn around in the time taken to provide product to a customer. This ultimately leads to customers going to competition and recovering customers is often a difficult task.

Management needs to come up with a total reward model that will be holistically integrated with HR practices to deliver the most positive and sustainable impact across the organization. Once this rocky road is traversed, it is easier to get committed employees.

## **1.2 Statement of the Problem**

Numerous studies, such as performance measurement, compensation, and organizational performance have been conducted in various surveys. However, the aspect of total reward management strategies and its effect on employee engagement has not been studied at Bamburi Cement Ltd. This study seeks to close this research gap by investigating the effect of total reward aspects of compensation, benefits, personal and professional development and work environment on employee engagement. Researchers and practitioners are turning to the total reward concept when discussing the link to employee engagement precisely because it

does appear to combine the financial incentive and the non-financial, intrinsic aspects of rewards, which can be difficult to separate in practice, and which both appear to require consideration when looking for improvements in employee engagement.

Finding the right fit of employee is very important to organizations especially in the current business environment of the winner takes it all causing a lot of challenges for many businesses especially if they are not competitive. In the current economic context, finding innovative ways to drive employees is very important to organizations (Giancola, 2007; HayGroup, 2015; Nienaber, 2010). Engagement is seen as an exchange relationship by The HayGroup (2015). The leadership of Bamburi Cement recognizes that the company's vision of being a market leader in Eastern and Central Africa only effectively be achieved through employees who are engaged and are therefore keen to address issues that will lead to the improvement of the situation. There has been a lot of continued complains from staff that the level of reward does not equate to the corresponding effort they put day to day to ensure the organization's level of performance is sustained at a certain level or even surpassed. BCL has witnessed high revenues and success over the past years. It can be assumed that this success has been a result of high productivity of the employees which has been made possible because of high staff engagement. However, the company has lost its market share to competition. As much as competition can be considered as a driver to this trend, there has been a strong feeling that staffs are not as engaged. The study sought to investigate the effect of the total reward aspect of pay and incentives, benefits and career growth and development on employee engagement. It seeks to understand if a specific mix of rewards that are considered attractive would ultimately result into an engaged team. It intends to check whether there is any correlation

between reward and engagement and whether this is the solution to earning the organization competitive edge. This would be a huge break through since everyone would be a winner.

### **1.3 Objectives of the Study**

#### **1.3.1 General Objective**

The study aims at examining the relationship between total reward management systems and employee engagement at Bamburi Cement Ltd in Kenya.

#### **1.3.2 Specific Objectives**

The objectives of the study are:

- a) To determine the effect of compensation on employee engagement at Bamburi Cement Ltd.
- b) To establish the impact of benefits on employee engagement at Bamburi Cement Ltd.
- c) To investigate whether personal and professional development influences employee engagement at Bamburi Cement Ltd.
- d) To determine the effect of work environment on employee engagement at Bamburi Cement Ltd.

### **1.4 Research Questions**

The researcher is guided by the following questions:

- a) To what extent does compensation influence employee engagement at Bamburi Cement Ltd?
- b) What impact do benefits have on employee engagement at Bamburi Cement Ltd?

- c) What impact does personal and professional development have on employee engagement at Bamburi Cement Ltd?
- d) To what extent does work environment affect employee engagement at Bamburi Cement Ltd?

### **1.5 Significance of the Study**

This study will be beneficial mainly in three areas namely: organization, employees and the policy makers. The employee will be compensated and rewarded as required thereby resulting in him/her being engaged at the workplace and being more productive hence increased profits for the organization. Management can get a better idea while preparing its reward system in determining what kind of rewards would be given the most importance and at what stage through such a type of study. They will also know how to retain their top talent by being able to cater for their needs. It will help to increase productivity levels because a better reward package will help to keep the employees motivated and engaged hence they become more innovative and creative in their tasks and also perform at their optimal best. The study will help employees gain job satisfaction as they will feel the effort that they place in the organization is recognized and rewarded in the right way. It will help them gain maximum value from the employment relationship. The study is expected to lead to a solution that is workable for both the management and staff where employee is motivated making him more productive at the work place and this will lead to an increase in the profits of the organization. The management on its part will realize some form of benefit by way of discovering some substantial parts of motivation that are often ignored but in the long run would to motivation and employees who have drive and are engaged to perform and give their

best thus realizing their full potential. This ultimately is what is being considered as engagement and improved performance.

For the policy makers, the study will help them gauge whether or not the current reward strategy and policy that has been put in place is sufficient and if not be able to determine an action plan on how to better improve it. It will benefit researchers of the future who will be interested in carrying out research on the same topic of engagement and performance of employees and will be able to learn more in the area of practices applied in reward as well as factors that would affect performance of employees and the relationship between reward management and engagement among others.

### **1.6 Scope of the Study**

The research was carried out at the Nairobi Grinding Plant in Athi River which has a head count of 200 people working in six different departments and was carried out in the month of September 2017. The company has a work force of approximately 400 people all over Kenya. This study produces valuable recommendations on how to positively contribute to the organizational productivity through effective and sufficient reward policies. The study was limited to the existing theories and models and their influence and limitation on employee engagement. The limited contact with the respondents as they went through their day to day work was an issue especially where clarification from the researcher would have enabled the respondents to give feedback more effectively. The study was conducted at the factory located in Athi River thus limited in scope by the fact that Bamburi is a large organization decentralized in other counties.



## **1.7 Chapter Summary**

This chapter gave information on background of the study and the specific variables that the researcher looked at. The statement of the problem has been well outlined showing why this study is important and to whom it stands to benefit. The researcher paves way for a study to be conducted to determine if reward will result to higher employee engagement as well as seek an answer as to whether this increased engagement due to reward will affect the organization's bottom line.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter shows what other scholars have written about reward and employee engagement. Through description of models and theories it will bring to light what can be done in order to have an engaged workforce that performs to achieve organizational objectives and goals.

One way of getting a competitive edge through realization of goals by staff is by coming up with a reward strategy. The purpose of a reward system is to attract and retain the desired caliber of employees who maximize on performance. To attain this key talent, organizations must conduct a SWOT analysis to consider internal and external contexts.

#### **2.1 Theoretical Review**

It is important to recognize and reward high performance. It is necessary for a manager to know what really inspires employees and stimulates them. There should be a connection between the rewarded awarded and the corresponding effort as a practice.

Studying various ways of rewarding employees makes it very important area of research in order to come up with data that would be implemented by organizations. Total remuneration is subset of total reward and includes aspects that are valued in financial terms. Total reward is an area that has attracted many scholars' attention and has been introduced in organizations' human resources to improve their competitiveness. This research emphasis on the reward strategies and policies which increase the organizational efficiency through employee engagement.

### **2.1.1 Expectancy Theory**

This theory is supported by Victor H. Vroom who introduced the notions of valence and instrumentality. The theory says that people will usually behave in a certain manner when they know that the behavior will result in a certain outcome. This means that when there is a certain act performed, then a particular outcome will be realized. Valence can be said to be valued outcomes. People can therefore value certain outcomes better than others depending on whether they were positive or negative (Shin-Rong and Chin-Wei 2012). Positive outcomes have high value as opposed to negative outcomes. This concept of expectancy therefore is part of the cognitive process that drives engagement through motivation. The outcomes that an individual values positively will drive him to behave in a certain way. The individual also expects that behavior will result into positive outcome. For one's motivation to be high, one must have high levels of all three elements – expectancy, instrumentality, and valence. If any element is low, one will not be engaged. On the concept of instrumentality, Vroom suggested that additional outcomes are realized due to certain behavior. Expectancy and valence are therefore related to how certain conduct can result to a specific outcome while instrumentality has to do with achieving more outcomes due to a certain behavior.

Expectancy is the belief that a particular level of effort will lead to a particular level of performance. Expectancy is the link between effort and performance on a task. It is the belief that a given level of effort will lead to success on the tasks. This is called the effort-to-performance expectancy. You believe that your efforts will matter. You think you have the ability, the products knowledge, so that putting in extra hours of selling can probably raise your sales. Employer should take a personal interest in his employees to know them better so that he can identify which reward he values most Fleming (2007).

Vroom's Expectancy theory says that people are motivated when they have a self-belief on their skills, belief in the promises of the management about getting the reward and the personal value they place on a specific reward. The self-belief on skills is called "Expectancy", belief in getting the reward is "Instrumentality" and value on the reward is the "Valence".

Managers need to be honest and objective about what they can provide as a reward and to whom they can provide. Otherwise employees will be in state of confusion and won't be engaged. Everyone places a different value on a certain reward. To some pay is of more value than other rewards and to others more intrinsic rewards like recognition, achievement etc. are of more value. Employer should take a personal interest in his employees to know them better so that he can identify which reward he values most (Armstrong 2009).

### **2.1.2 Maslow's Hierarchy of Needs Theory**

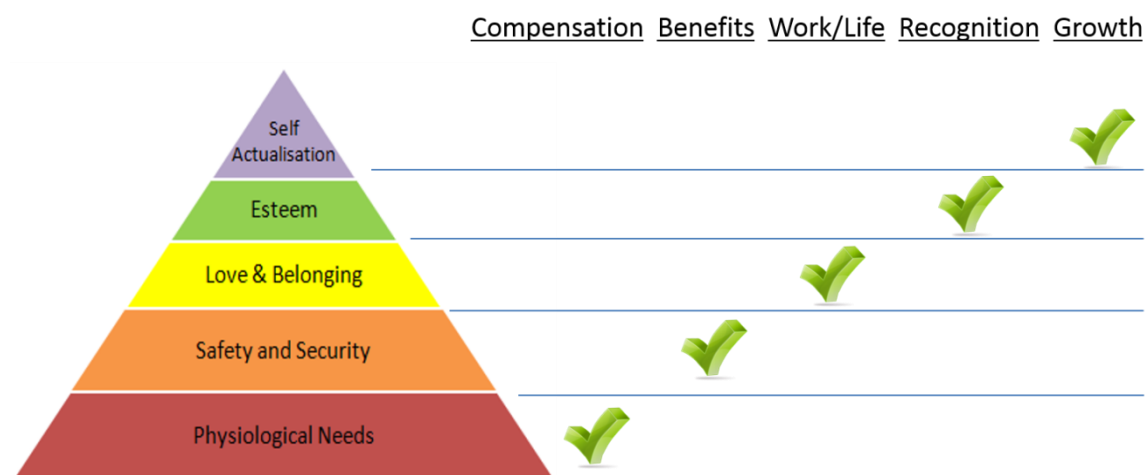
According to Maslow's theory, all human beings have needs that comprise of physiological, safety, social, esteem and self actualization. In most cases, compensation and benefits will take care of the basic needs associated with safety whilst a positive work environment and personal and professional development will take care of the social, esteem and self actualization needs. The employee of today is now proactive to the extent that they will make strategic career moves to guarantee satisfaction of their needs and wants. When these needs are not met, it could also lead to a disengaged workforce and thus reduced performance in an organization. Literature shows that wooing employees by providing management development programs and other developmental programs can lead to an engaged staff. Employers need to be aware of their employees different needs and wants and find a way of meeting them. The initial cost of training and offering various needs may be high but cannot

be compared to the outcome that will be realized from an engaged team who are devoted to doing their job well and to the satisfaction of customers. One key implication of Maslow's hierarchy is that an employee will only be motivated by a reward that meets an employee's needs. The only need that can never be satisfied is self-actualization, which then can show that people will continue to learn as long as opportunities are provided which is desirable but is also important to provide them with interesting and challenging work that will continue to provide them with personal development. It is worth noting that Maslow's list of higher-level needs has been criticized because it does not specifically address some needs of the new generation of workers, such as the need for leisure time and the opportunity for self-actualization through family relationships. However, it teaches one important lesson – a need that is satisfied will usually not motivate an individual. If one has food and shelter, they will not be motivated when someone offers them these things.

Maslow argues that each lower level need has to be satisfied before the next higher level need becomes salient or motivating. Also, when lower level needs are not satisfied, providing for higher levels will not motivate people. According to Maslow, the only need that can never be fully satisfied is self-actualization, which is at the top of the hierarchy. People can keep developing and learning as long as they have the opportunity to do so. Interesting and challenging work will continue to promote personal growth. Managers should strive to provide employees with opportunities for self-actualization, since personal growth is likely to keep them interested in learning and developing their talents over time. Rewards associated with lower level needs (e.g. higher pay) only go so far in motivating people unless the work itself is stimulating and exciting. In other words, extrinsic motivation is not sufficient for the

long haul. People want more from work than a paycheck or a bonus. They also want personal growth and meaningfulness in their jobs.

**Figure 2.1 Relationship between Maslow's Hierarchy of Needs and Total Reward**



### 2.1.3 Fredrick Herzberg's Motivator-Hygiene Theory

Herzberg's two factor theory focuses on the things that can motivate and those that can reduce motivation (Herzberg et al., 1993). He conducted a study to determine what motivates them and causes them to improve on performance at work. Frederick Herzberg developed this theory based on interviews with workers regarding what led to them to be satisfied and engaged at work and what resulted in being dissatisfied and unmotivated. His key findings, and the heart of two factor theory, is that two separate sets of characteristics affect motivation and =, thus, employee performance. They can cause dissatisfaction if they are inadequately met. Unfortunately hygiene factors also do not motivate people to do a good job. To achieve

higher levels of worker effort, first the hygiene factors must be well managed. Many managers believe that the theory is a helpful method for analyzing engagement problems at work. It reminds managers that intrinsic rewards are too often ignored. He found out that two sets of characteristics are at play. The first, were hygiene factors which are extrinsic in nature and include fringe benefits, salaries, working conditions, company policies, interpersonal relations and supervisors. These can cause dissatisfaction if not adequately catered for thus causing the organization's bottom line to be affected since employees are disconnected. However these factors don't motivate people to work but are key to achievement of higher levels of worker effort and hence important to manage them well. It is important to provide intrinsic rewards since they drive employees to be motivated. These are considered as motivators that stimulate employees to strive for best performance and are derived from the work itself. They include feedback and recognition, opportunity for growth and development, achievement derived from tasks given as well as responsibility. The notion that only intrinsic rewards motivate is controversial. Many managers believe that Herzberg theory is helpful in enabling the analyzing engagement problems at work. Hygiene issues need to be dealt with to avoid dissatisfaction which can affect engagement levels (CIPD, 2012).

## **2.2 Empirical Literature Review**

The recruitment and retention of qualified and skilled staff are considered the foundation of any business according to SHRM (2007). Satisfied employees tend to stay with their organization for longer according to research and is therefore important to maintain a cadre of contented and motivated employees. It is important to note that employee expectations also shift with the changing expectations as a result of demographic trends such as Generation Y and other changes like work-life balance which can result in a lot of stress on the employee.

Therefore, what was thought to satisfy employees has now changed due to a lot of factors. Human resources have to prepare for these changing workforce dynamics and be aware of what contributes to employee satisfaction and motivation on the job.

### **2.2.1 Work Engagement**

This is an important area to consider as people spend more of their time at work. Engagement is defined as the drive and fulfillment one gets or portrays in relation to their work and is characterized by dedication (Schaufeli & Bakker, 2010).

Dedication is where one is immersed in a task and enthusiasm is evident. There is some level of challenge, inspiration and pride while absorption refers to being fully engrossed in one's task (Rothmann & Rothmann, 2010). When workers feel a psychological presence of identity and become engaged, they maintain good performance and take responsibility of their work. Engagement can be said to take place when employees experience the ideal fit between their work and themselves which assists in contribution of organizational performance and dedication. Commitment of one's work is an indicator of job satisfaction and work engagement in an organization. There is often low turnover and can demonstrate how well an organization is performing. According to BlessingWhite (2012), employees who are well aligned with organizational goals can be said to be engaged. They often go beyond the sense of commitment and work towards meeting targets.

Every organization recognizes the need for satisfied, loyal customers. If the firm is publicly held, it is also safe to assume that every executive appreciates the need to have satisfied, loyal investors. Customers and investors provide the financial resources that allow the organization to survive. Not every organization understands the need to generate engagement and loyalty among



employees, yet, reward among employees are related to engagement. Research has established a direct link between employee engagement and reward strategies.

### **2.2.2 Effect of Benefits on Engagement**

It is any other type of compensation other than direct wage. Research by SunJung and Yoon (2015) demonstrated that, while pay is weakly associated with engagement levels, benefits have a particularly strong relationship and is linked to engagement. The research found that, benefits was the most important variable in the link between satisfaction and engagement when compared to other dimensions e.g. pay rise. Research has suggested that reward causes satisfaction of the employee which directly influences performance of the employee (Kalimullah et al 2010). All businesses use pay, bonuses or other types of rewards to motivate and encourage high level performance of employees (Reena et al, 2009). To use salaries as a motivator effectively, managers must consider salary structures, organizations structure, job content, payment according to performance, personal or special allowances, and fringe benefits and so on.

To maintain desirable employee relations an organization has to attach attractive benefits to all jobs conducted by employees. Management cannot overlook employee benefits which are the other non-salary compensation that are given to staff. This is because an organization's human resource is the most important asset. Organizations are facing retention headaches due to talent competition which does not consider technology or market focus or size. To overcome these challenges, it is important that there is a good bonding between employees and employer which is done by motivating employees by providing attractive benefits such as quarterly performance bonuses, study allowances, leave allowances and holiday bonuses. An organization's Human Resource needs to be influenced and persuaded towards tasks

accomplishment in order to drive results. Organizations need to design different strategies to make employees happy thus achieving organizational goals. The different incentives put in place for them should add value to them if they are to be valued in order to drive organizational performance. If they feel that they are not satisfied then they tend to move to other organizations or even reduce their effort which can be very costly to an organization especially if they are too lose their key talent as a result of this to competition.

In order to be successful, benefit plan is key. It will make the organization competitive in the market and have better recruitment chances. Employee benefits should support the business goals of an organization by encouraging the behavior and values needed. It is important that benefits are continuously reviewed to ensure that they reflect employee individual needs and that they are flexible just as individual needs are unique.

Different organizations provide different benefits to their employees. They include and not limited to pension plans, medical/healthcare cover, sabbatical leave or study leave, holidays, maternity leave and sponsorship for some personal development such as workshops and conferences. It is important for the Human Resource professional to benchmark with other organizations to see if their package is good enough to maintain staff or even attract them as well as ensure the benefits reflect the needs of the employees.

Whilst most see benefits related to hygiene factor and unlikely to lead to productivity or even contribute to organization's competitive advantage, there is the consensus that the benefits have the capability to attract and retain staff. This then implies that they could have a moderating effect on the connection between labour input and output.

According to Armstorng (2001) a financial reward encourages behavior that will contribute to the achievement of the organsiation's objectives. The reward motivates the workers in such a way that he/she is able to acquire a certain drive that makes him/her feel responsible for his actions. According to the expectancy theory model, in order for a task performance to have a positive value, workers need to see positive value, workers need to see positive outcomes and a strong link between their task performance and the rewards they get. Expectancy theory helps explain why some people merely do the minimum necessary to get by while others seem to put all they have into their jobs. First, expectancy theory recognizes that there is no universal way to motivate people, because personal beliefs and perceptions play a major role in how people see the linkage of effort, performance, and outcomes, and the attractiveness of those outcomes. A good compensation an incentive plan should provide equal opportunity to all workers in any level as well as prepared to consultation with workers and their union. The compensation should be linked to performance and not to a specific individual which means that job descriptions and evaluations are the critical tools to be used to determine where a job should be placed. Effective compensation plans boost employee's levels of engagement and makes them committed to their work and facilitate maximization of organization's profits. When the organization posts good performance results, it is important that it recognizes the effort put in by the employees by sharing the profits. This supplements staff wages and goes a long way to motivating staff who respond by working hard to sustain this trend.

### **2.2.3 Effect of Personal and Professional Development on Engagement**

Personal and professional development is defined as the process in which an individual and organization achieve a balance between one's career and organization's requirements for human resource. In both public and private companies, personal and professional development

is important to human resource management and has been an area of discussion amongst scholars. According to Alnaqbi(2011) other than equipping employees with skills that they require in order to perform effectively, career development is essential as it demonstrates an employer's commitment to his key resource. Gill and Kustron (2011) expressed that career planning is a career development practice where there is continuous personal development of an individual's professional career aspirations through a process that involves learning, improving of skills and motivation to realize higher value. To maintain competitive advantage, organization must ensure they find the right talent with the desired skills and ensure they are in the right roles. Both the organization and individuals are involved in career planning thus the employee must continuously seek training and developmental opportunities so as to remain relevant.

Cao and Hamori (2015) have focused on exploring types of development as a driver to organizational commitment, similar to aspects of employee engagement. They find that developmental assignments support organization commitment.

Kemboi (2014) found out that career development practices that are being practiced in post bank include career planning, guidance and counseling, coaching and mentoring and training. These are geared towards retention and engagement of employees at the bank. The study found that these practices promote decision making, provide guidance to staff on career related rights and obligations, develop a healthy self-concept among individual employees and improve relationship and teamwork between staff at different levels.

Kelly (2012) established that there are several career development practices that are evident among commercial banks in Kenya. These practices include; existence of career growth information for employees, treating career development as a core HR function, practicing

career counseling, incorporating career growth into the appraisal process, and encouraging employees to pursue higher education as a way of uplifting skills to assist them achieve career objectives and feel engaged.

According to research it has been suggested that career counseling is a career development practice that consists of a large number of transitions due to the changing nature of work organizations Jackson et al., (2012). The effect of change is that career counseling which is a career development practice will still be necessary during an employees career as they change their jobs.

Studies have proven that more costly but effective training can save money instead of wasting it on cheap but inefficient training (Xu & Thomas, 2011). Training provides staff with knowledge and expertise relevant to their areas of operation and translates into increased output. It also enhances the quality of the human resources by keeping staff abreast with the state-of-the-art development in their areas of operation. Staff training and development aims at improving the productive capacity of the human resources. It also enables staff members realize their full potential and enhances their professional development and work environment.

To address one of the concerns that employers face in staffing, career advancement can be used to increase engagement. Career development needs to be an important part of an organization that seeks to attract, employ and retain exceptional talent. Employees tend to drift away when they feel disengaged and in a large organization this can result in compromised customer service and reduced productivity. The employer has to have an always on listening process in their system to ensure that there is two ways feedback in terms

of concerns affecting staff and what can be done about it. When solutions are found to these issues, employees become more aligned and therefore productive at the workplace.

When employees are engaged, the business benefits in that they are retained within because they get growth opportunities to enable them grow in their careers. This then leads to increased productivity and increases knowledge that is shared internally. By providing avenues for staff to increase their skills, knowledge and expertise, the organization demonstrate that they value their staff. This in response, impacts on the esteem of the employee causing them to be committed and become engaged.

Work adjustment theory is often considered as Person-Environment Correspondence Theory. It suggests that a person will a job effectively if their abilities match the need of the role or of that of the organization. Similarly, it says that a person will perceive work to be satisfying if the reward closely matches the value the person is putting the work. Whether a person stays in the role or leaves depends on the degree of satisfaction felt.

The theory also acknowledges that there may be a wrong fit between the employee and environment possibly because the employee chose the wrong career, or employer chose the wrong person. It also acknowledges that a person can develop his skills such that their role is no longer relevant or priorities change due to various factors. For the employer, things may also change – the nature of environment in which the business is operating may change thus causing a change in the type and nature of reward package that the employer is capable of offering. An environment's or person's flexibility can determine extent by which parties can stand absence of correspond between abilities and requirements. Level of flexibility will be influenced by internal factors such as personality and organizational culture. One form of adjustment takes place when there is absence of correspondence.

The organization has now changed and employees as well as the organization alike have the realization that there has to be mutual benefit. The employee is continuously seeking to grow their career knowing that job security is no longer guaranteed and have been replaced by contracts based on performance by both parties. Through learning and development, employees are empowered. Empowerment allows employees gain the power of having their voice heard, to contribute to the plans and the decisions that affect them for the betterment of performance of the whole organization. It enables them to have a sense of personal control over their immediate work situation and make them feel that they are cable of successfully performing a particular task. When employees are empowered to make decisions for the good of the organization, they experience feelings of pride, self-expression and ownership. Giving people responsibility in their job and autonomy to make informed decisions can impact business outcomes as well as employee engagement and retention levels.

Goal-setting theory states that people have conscious goals that energize them and direct their thoughts and behaviors toward one end. What kinds of goals most effectively motivate people? First, goals should be acceptable to employees. This means that they should not conflict with people's personal values and that people have reasons to pursue the goals. Allowing people to participate in setting their work goals as opposed to having the boss set goals for them is often a great way to generate goals that people accept and pursue willingly. Motivating goals must be acceptable, i.e. they should be challenging but attainable. Over the years, evidence has shown that intrinsic rewards e.e.g recognition; personal growth and development etc which arise from the work itself are more effective motivators and generally result in a longer term effect. Taking account of fairness, non-financial rewards also fare better since a reward like recognition can be directly related to the achievement.

Learning opportunities, both on and off the job, can be a strong force. Employees realize that education and training are critical to individual growth and opportunity. Employees will be more motivated to participate in training programs if they perceive that such participations will lead to salary increases, advancement, or more meaningful work. Development can be made effective by ensuring employees make choices which provide them freedom to make decision and initiate action, as well as when an employee feels that the completion of the task will make a difference and such task has an impact on the performance. Organizations that have employees that are engaged have a culture which is open and responds to change, share information and feedback and have flat organization structures with few levels of authority and decentralized set up.

#### **2.2.4 Effect of Compensation on Engagement**

Money is no longer the main driver of motivation for employees. There is however evidence that a good pay can attract and retain. One of the most common ways in which money has been administered to improve productivity in organizations has been through pay-for-performance plans. Theoretically, pay is still a means of exchange to acquire some desired elements such as goods and services.

Another theoretical consideration revolves around whether the employee or a team should be the focus of a pay plan. Group performance pay plans are dependent on realization of specific outlined organizational goals. Others are gain sharing with an element of individual performance to ensure everyone is in the right direction and makes a contribution.

Pay is the level of base wage that constitutes the amount of work achieved and is expressed in monthly or even hourly rate. Incentives on the other hand, are payout linked with the



achievement of previously set goals which are designed to motivate staff to attain higher levels of performance. The targets are usually quantified in such terms as outputs or sales.

During the last decade, numerous trends in compensation have occurred. To begin with, there has been a dramatic increase in the diversity of compensation strategies and practices. Not too long ago, employees received a competitive base salary and a set of pre-established benefits. Today firms are providing variable pay, higher bonuses, lump-sum recognition bonuses, group incentive plans and broad based success sharing program. Manolopoulos (2008) argues that money pay drives employees. Money can buy for example, cars, houses, better education for children etc., and the symbolic meaning of money concerns how power as a result of money is viewed by society. In job situations, pay drives when it is seen to recognize and encourage a certain behavior in relation to performance and is seen as fair and equitable. The use of financial incentives in work performance is based on reinforcement theory which focuses on encouraging a certain behavior to achieve a certain target and the result is pay.

Goal setting theory states that people have conscious goals that energizes them and direct their thoughts and behaviors toward one end. The manager who appropriately applies goal-setting, reinforcement and expectancy theories is creating essential motivating elements in the work environment. But characteristic of the person also affect motivation. Pay is used to motivate people to perform work and can therefore be considered as a method to see mutually acceptable value to a person's performance. It can also work to demotivator when employees feel that the plan is not satisfactory. Supporters of expectancy theory believe that employees tend to behave in a certain manner and even work towards realization of targets when they

know these efforts will be rewarded. Hence, compensation is a good manner way to recognize effort and behaviors which when the organization wishes to engage staff.

According to the expectancy model, in order for task performance to have a positive value, workers need to see positive outcomes and a strong link between their task performance and the rewards they get. Expectancy theory helps explain why some people merely do the minimum necessary to get by while others seem to put all they have into their jobs. First, expectancy theory recognizes that there is no universal way to motivate people, because personal beliefs and perceptions play a major role in how people see the linkage of effort, performance, outcomes and the attractiveness of those outcomes. A good compensation and incentive plan should provide equal opportunity to all workers in any levels as well as prepared in consultation with workers and their union. The compensation should be linked to performance and not to a specific individual which means that job description and evaluations are the critical tools to be used to determine where a job should be placed. Effective compensation plans and reward systems boost employee's levels of engagement and make them committed to their work and facilitate maximization of organization's profits. When the organizations posts good performance results, it is important that it recognizes the effort put in by the employees by sharing the profits. This supplements staff wages and goes a long way in driving staff who respond by working hard to sustain this trend for years to come.

### **2.2.5 Effect of Work Environment on Engagement**

When it comes to employers and employees having innate satisfaction, a positive work environment is key. It is very important for employers to research regularly on expressing an appreciation to encouraged behavior of employees to reach strategic goals (Mussie et al., 2013). Studies in Malaysia, Canada, Finland and North America confirmed that IT companies

globally have been perceived to have a high rate of employee turnover (Nurul et al., 2014). Based on the exploration among Canadian employees, the study revealed what Canadian employees are looking for in a job, though getting good pay, job security and benefits are an important area of the package deal, but are not what these employees were expecting. In other words, the study showed that the Canadian personnel create a higher worthy on being treated with respect, doing interesting work, a feeling of fulfillment and good communication among co-workers (Sia, 2012). Recognition shows confidence in workforces, and confident workforces are more gainful. Affirming to (Paul, 2016) it was stressed that when employees feel appreciated, great results take after, including expanded worker commitment. Even though many organizations provide formal reward and recognition programs for their employees effort and innovation, they still expect informal recognition day to day (Hofmans et al., 2012).

Expectancy theory says that people adopt their behavior according to the reward that will be received after realization of goals. There are two factors that affect employees motivation towards work. Surveys suggest that there is a growing interest in employee recognition programme and that these are rated highly in terms of impact and cost-effectiveness, as well as emerging as a significant and often unmet employee need and driver of engagement levels (CIPD 2013; MacLeod and Clarke, 2009). Employee work environment, which is non-financial, places emphasis on intrinsic as opposed to extrinsic motivation, and is useful for rewarding staff at little or no cost. For public sector organizations under cost controls, this can be useful especially in recruitment and retention. Elements such as a supportive manager/supervisor, a positive culture, team spirit, recognition all play a role in creating the right environment that is required to ensure employees are engaged.

Job design and recognition of work have often been linked to higher employee morale (Saunderson, 2004, cited in WorldatWork, 2010). Jensen et al (2006, cited in Suff and Reilly, 2008) state that it is intangible rewards, such as recognition of good performance and job design among others, rather than tangible, monetary rewards that have an enormous influence on engagement levels.

The CIPD annual reward management survey (2015) found that 31 per cent of the 525 employers studied made use of non-financial recognition plans, with the highest prevalence among not-for-profit firms at 39 per cent. Acknowledging employees work and how it has played a part to company goals helps to make staff see the contributions they have made. When employees know they are supported and listened to, and recognized for what they contribute they are likely to be more committed. People value and are happy when they are appreciated for what they do. It should be noted that recognition doesn't replace base pay but works to improve the offering to an employee in order to motivate them. When base pay is paired together with recognition, there is effective communication on the reward strategy.

A supportive and engaging work environment is at least as important as health care benefits and pay e.g. work/life balance, team work, flexible work schedules, opportunities to communicate and setting achievable goals may make all the difference in workplace. To enhance behaviour that will contribute to the achievement of the organisation objectives, an organisation is required to support the realization of the key value of the organisation and provide value for the money.

### **2.3 Summary and Research Gaps**

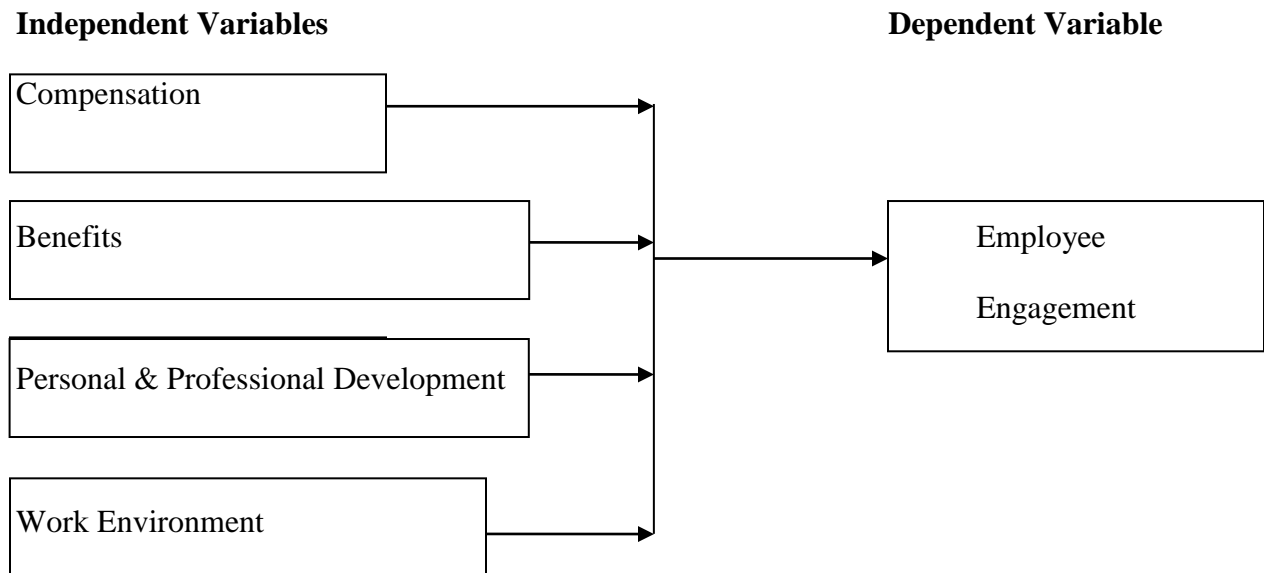
General understanding of various models helps an organization to come up with a set of desired reward plans that will manage employees effectively. Reward strategies can be applied in any organization that seeks to see an improvement in its performance. It is thus important for an organization to come up with well-designed programs that support both organization and the people. The program should aim at attracting, retaining and motivating employees and should not be maintained if they do not result in some added value. This therefore calls for periodic reviews. The organization should match benefits to business goals and determine whether the given reward plan is sustainable or destructive. It is important for an organization to brand itself and to be recognized as the employer of choice that motivates and retains their team members. Well engaged employees are energetic and full of initiative, are committed to serving, practice the mission of the organization, want to think for themselves and take proactive and positive actions to solve problems as well as set their own challenging and achievable work targets.

There is limited knowledge that employees are attracted to an organization by its financial rewards but it is possible that rewards discourage them from leaving the firm. Maslow hierarchy of needs make sense but not sufficient empirical test have been conducted. It is considered not flexible as it claims that people's needs follow a certain hierarchy which may not always be the case since people have varying needs. People may say they do not value monetary rewards but they still want things that can be purchased with money thus it can be said that money itself has no intrinsic meaning but has the power to drive people to meet targets because it is a measure of value and what can be achieved. Reward is undoubtedly

changing, chiefly because of the changing demographics and diversity of organizations and this call for the management to be very innovative.

## 2.4 Conceptual Framework

**Figure 2.3: Conceptual Framework**



Source (Author 2017)

## 2.5 Operationalization of Variables

**Table 2.1 Operationalization of Variables**

Variable	Indicators/Measurement	Type of Analysis	Tool of Analysis
Compensation	<ul style="list-style-type: none"> <li>- Base wage/salary pay levels</li> <li>- % of merit pay &amp; increments</li> <li>- Incentives such as cash bonuses</li> <li>- Sales commissions</li> <li>- Piece rate pay systems</li> </ul>	Descriptive	Frequencies
Benefits	<ul style="list-style-type: none"> <li>- Availability of flexible benefit plan</li> <li>- Awareness level of range of benefits</li> <li>- Satisfaction level with benefit plan</li> </ul>	Descriptive	Frequencies
Personal & Professional Development	<ul style="list-style-type: none"> <li>- Trainings</li> <li>- Performance Management systems</li> <li>- Career Development opportunities</li> </ul>	Descriptive	Frequencies
Work Environment	<ul style="list-style-type: none"> <li>- Flexible work schedules (work/life balance)</li> <li>- Meaningful/challenging work (Job design)</li> <li>- Job allows autonomy</li> <li>- Existence of non-financial Incentives and recognition Initiatives</li> </ul>	Descriptive	Frequencies



## **2.6 Chapter Summary**

This chapter has reviewed the theoretical and empirical literature review with regard to the objectives of the study. Various scholars' views in regard to reward and how it contributes to employee engagement have been documented. This literature also assists in identifying various gaps in past studies. The study demonstrates that it is important to note that managing people with different personal, educational and professional backgrounds is rather difficult. Different people have different values, working styles, expectations and attitudes. Therefore, it is fundamental for managers to pay attention to these issues. As a result, they might get a functional, more interactive work community with a supportive atmosphere and a flat organizational structure.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.0 Introduction**

This chapter considers the tools and methodology the researcher uses during collection of data and its analysis. It describes the research design that was used by the researcher, data sources and collection tools, processing, analyzing and the challenges that the researcher may face.

#### **3.1 Research Design**

This study adopted a descriptive design to establish the relationship between total reward systems and employee engagement at Bamburi Cement Limited. Descriptive research reports attitudes, behavior and values. The survey obtained data from various staff at the plant in order to determine their views with respect to specific chosen variables. Data was collected from a target population mainly by use of questionnaires. A descriptive study provided details about people and how they respond to different variables.

#### **3.2 Target Population**

The workforce at the Athi-River Plant was recorded at 200 employees from different departments. The researcher conducted the research at Bamburi Cement's Nairobi Grinding Plant based in Athi River because this was where most of the operational roles were based and where it is relatively easy to determine output as a result of employees' effort. This is presented on table 3.1.

**Table 3.1: Target Population**

<b>Category</b>	<b>Population</b>
Administration	15
Production	55
Quality	20
Dispatch	35
Maintenance	30
Logistics	20
Sales	25
<b>Total</b>	<b>200</b>

Source: Bamburi Cement Ltd Registry (2017)

### **3.3 Sample and Sampling Technique**

Stratified random sampling was used to select sample size from the population. Stratified sampling has an advantage in that it guards against an “unrepresentative” sample. The researcher chose respondents in supervisory level as well as front line staff and distributed 60 questionnaires. The total number of 60 gives a 30% ratio of total population in line with Mugenda and Mugenda (2003) who suggested that 10% to 30% ratio is the desired number for descriptive studies.

The sampling technique was used to select the sample size to be used in the study as illustrated in the table 3.2.

**Table 3.2: Sample Size**

<b>Category</b>	<b>Population</b>	<b>Targeted No. of Staff</b>
Administration	15	5
Production	55	17
Quality	20	6
Dispatch	35	10
Maintenance	30	9
Logistics	20	6
Sales	25	7
<b>Total</b>	<b>200</b>	<b>60</b>

Source: Bamburi Cement Ltd Registry (2017)

### **3.4 Data Collection Instruments**

The researcher developed a questionnaire which was administered to the respondents. Primary data was collected using closed ended questionnaires as well as interview selected employees. The researcher made use of internal correspondence published in the organization as well as those posted on the intranet which contains relevant and rich information to get secondary data while for the primary or empirical data, a research was conducted. The empirical data will be sourced from the field. To find suitable secondary information, the researcher will make use of internal correspondence published in the organization as well as those posted on the intranet which contains relevant and rich information.

### **3.5 Pilot Study**

According to Connelly (2008), a pilot study sample should be 10% of the sample projected for the larger parent study. The researcher therefore selected a pilot group of six people from the population to test the reliability of instrument. This pilot data was not included in the actual

study; it was only for pre-testing. The pilot study assists in being familiar with the administration of the instrument and picks areas that need modification.

### **3.5.1 Validity Test**

It refers to the degree to which the study accurately reflects or assesses the specific concepts the researcher is attempting to measure (fidel, 1993). The questionnaires were clearly checked based on objectives of the study to determine their validity. The instrument was applied to industry experts for proper scrutiny and evaluation to check whether it measured what it was intended to measure. Construct validity, was maintained through restricting the questions to the conceptualization of the variables and ensuring that the indicators of a particular variable fell within the same construct.

### **3.5.2 Reliability Test**

Reliability is used to describe the overall consistency of a measure. A measure is said to have a high reliability if it produces similar results under consistent conditions (Neil, 2009). According to Mugenda and Mugenda (1999), in a sresearch study, the reliability coefficient can be computed to indicate how reliable data is. A coefficient of 0.80 or more implies that there is a high degree of data reliability. The survey instrument was subjected to overall reliability analysis and was found to be reliable at 0.9.

### **3.6 Data Collection Procedure**

The questionnaires was delivered and randomly distributed personally to the respondents and collected after 2 days. It was made clear to the respondents the purpose of the study in order to create a conducive environment so as to get correct response. Questionnaires were coded to

ensure that all papers were returned even though some may get lost and others may not be completed satisfactorily.

### **3.7 Data Processing, Analysis and Presentation**

Data generated was quantitative since it was based on numeral data. All the questionnaires were verified and checked for reliability. Statistical data analysis was done using Statistical Package for Social Sciences tool (SPSS) and excel to help the researcher describe the data and determine the extent of relationships. It involved first editing and coding the questionnaires, tabulating the data, and then performing several statistical computations including absolute and relative (percentages) frequencies, measures of central tendency and dispersion (mean and standard deviation). Data was presented using tables, graphs and figures to answer the research questions posed for the study.

### **3.8 Ethical Considerations**

The researcher may experience a problem of non response from respondents who were given the questionnaires to fill. To ensure that she gets feedback, she assured the respondents that any information given would be treated with maximum confidentiality and that their personal details or views shared would be anonymous and not used for victimization. The researcher would also be sensitive and ensure they seek consent from the respondents.

### **3.9 Chapter Summary**

This chapter has outlined the methodology that was used by the researcher. It shows the design used, the population involved and how the sample size would be determined and selected. It has also indicates the instrument used and how the data collected is presented in order to assist the researcher determine the outcome and suggest recommendations.

## **CHAPTER FOUR**

### **RESEARCH FINDINGS AND DISCUSSION**

#### **4.0 Introduction**

This chapter focused on data analysis, findings and interpretation. Results were presented in tables and diagrams. The analyzed data was arranged under themes that reflected the research objectives.

#### **4.1 Presentation and Research Findings**

##### **4.1.1 Response Rate**

A total of 57 out of 60 questionnaires were properly filled. The response rate was 95% and is considered very good. Based on these assertions from renowned scholars, Mugenda and Mugenda (2003), a response rate of 50% is adequate for analysis and reporting, a rate of 60% is generally good while response above 70% is excellent. Thus, the response rate of 95% under this study was very good.

**Table 4.1: Response Rate**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
Returned	57	95%
Unreturned	3	5%
<b>Total</b>	<b>60</b>	<b>100%</b>

Source: Author (2017)

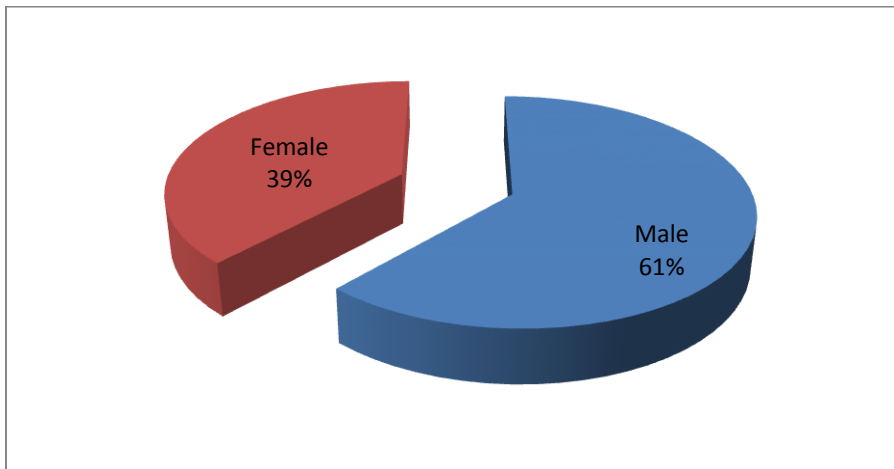
#### 4.1.2 Demographic Characteristics

This section consists of information that describes basic characteristics such as gender of the respondent, age of the respondent, level of education and years worked in their current position.

##### 4.1.2.1 Gender of the respondents

The respondents were asked to indicate their gender. Majority of the respondents were men who represented 61% of the sample while 39% were female. Being in the manufacturing sector, this data tentatively implies there is a bias for male workers which is usually the norm in many factories. This disparity suggests that decisions and policies concerning rewards were likely to be skewed towards the welfare of male staff.

**Figure 4.1: Gender of Respondents**



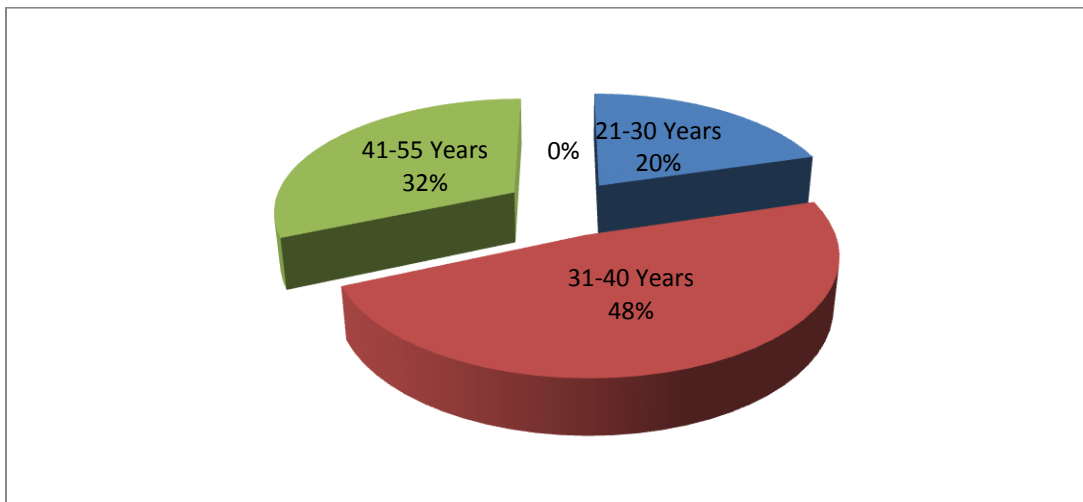
##### 4.1.2.2 Age of the respondents

Majority of the respondents who were 48% were between 31-40 years while 32% were between 41-55 years while 20% was between 21-30 years. This may seem that the



organisation is capable of retaining people who have acquired skills over the years which is a key component of efficiency. The high number of new college graduates means the organization has a future since every company's survival depends on the future generation.

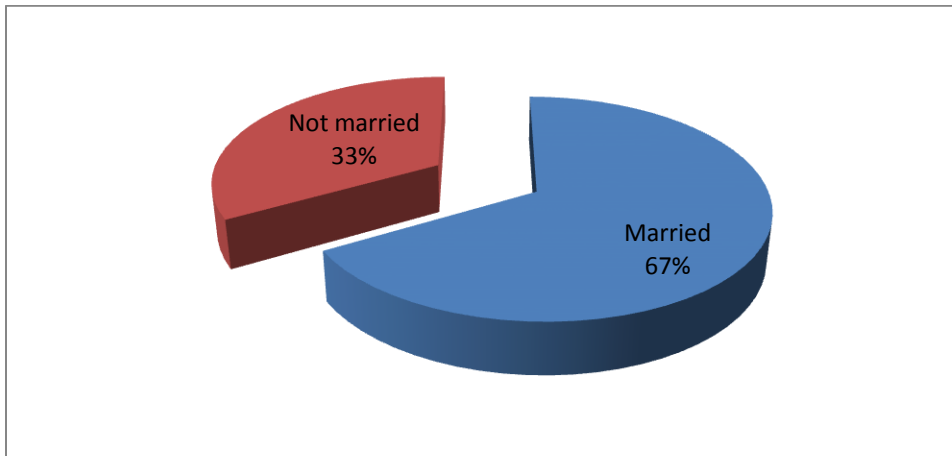
**Figure 4.2: Age of Respondents**



#### **4.1.2.3 Marital status of the respondents**

Results in figure 4.3 show that 67% of the respondents were married while 33% of the respondents were not married. This would be important in determining whether the type of reward strategies chosen by employees would be driven by the fact that they have families and the reward preferred would offer some sort of security and safety.

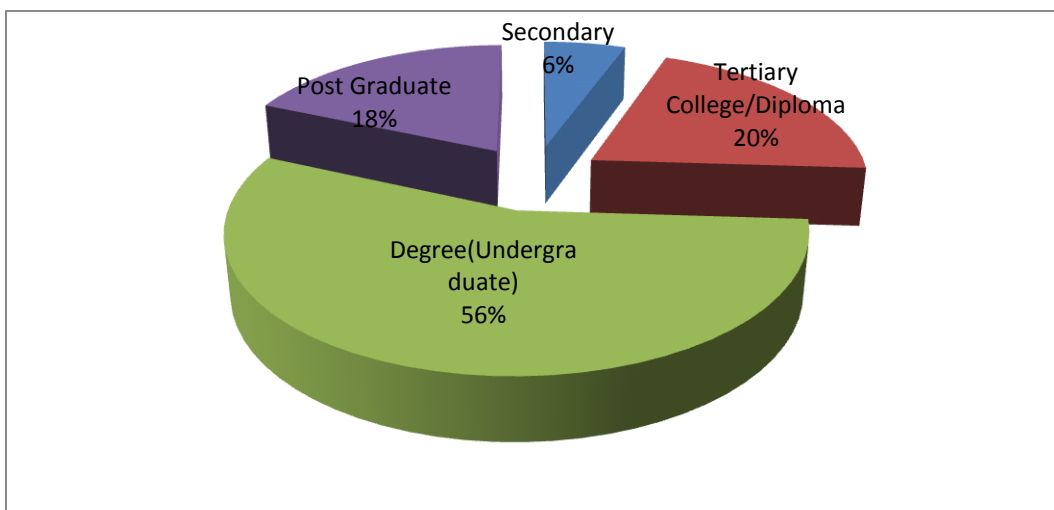
**Figure 4.3: Marital status of Respondents**



#### **4.1.2.4 Education level of the respondents**

Results in figure 4.4 show that 56% of the respondents had their level of education being graduate level, 20% had diploma qualification while 18% had post graduate. Secondary level was smallest at 6%. This implies that the respondents were capable of understanding the study and give responses to the questions administered.

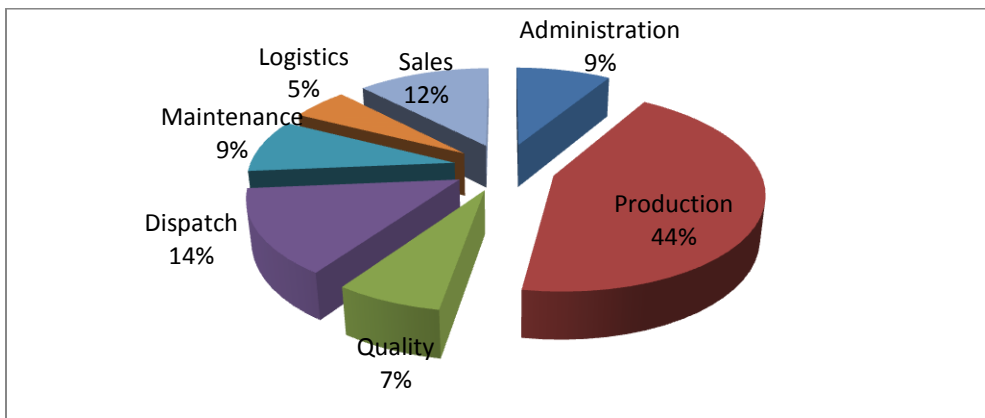
**Figure 4.4: Level of Education of Respondents**



#### 4.1.2.5 Department of the Respondents

Fourty four per cent (44%) were in production while 14% were in dispatch. Twelve per cent of the respondents were in sales. Administration and maintenance had 9% each. Seven per cent of the respondents were in quality, logistics was lowest with 6%. Being a factory, it is understandable that majority of staff are in production department. In such a set up this study is very important since it can determine whether the reward strategy being employed is driving these people to be innovative and come up with better products.

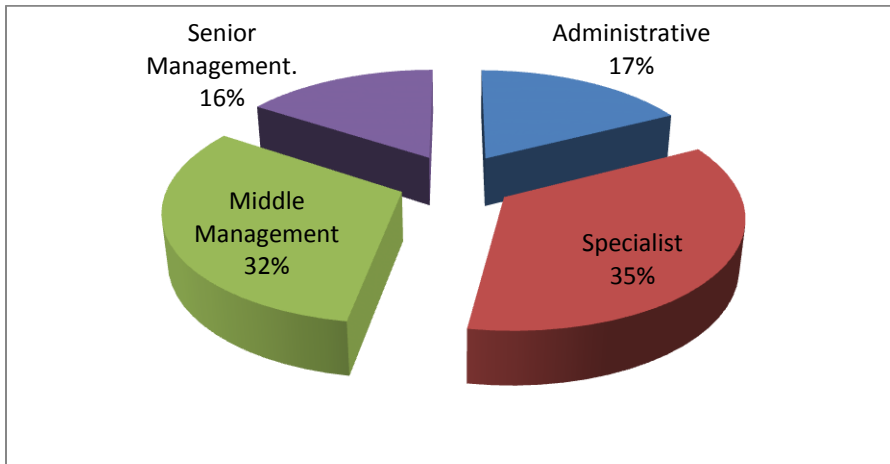
**Figure 4.5: Department of the Respondents**



#### 4.1.2.6 Position of the Respondents

Majority of the respondents were specialist who represented 35% of the sample while 32% were in middle management. Administration had 17% of the respondents while senior management had 16%. This shows that majority of staff were knowledgeable and capable of understanding the questions asked in this study.

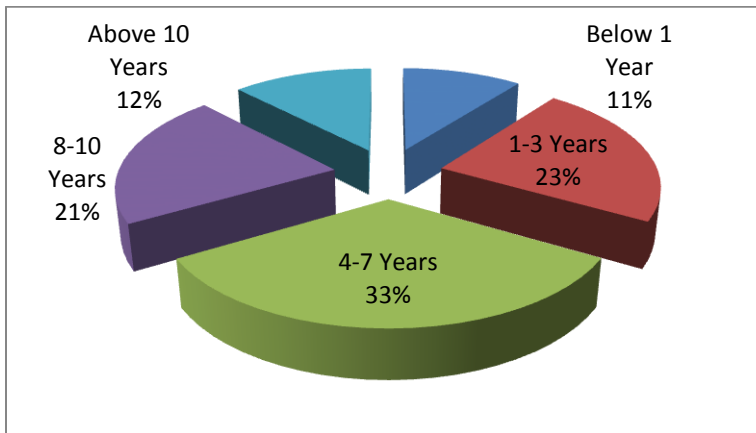
**Figure 4.6: Position of the Respondents**



#### **4.1.2.7 Duration of the respondents**

On the question of the duration being in employment, majority of the respondents at 33% have been in the employment for 4-7 years, 23% have been in the employment for 1-3 years, 21% have been in the employment for 8-10 years while 12% have been in employment for over 10 years. 11% the respondents have been in employment for less than one year. This shows the respondents were experienced.

**Figure 4.7: Duration of the Respondents**



### **4.1.3 Descriptive Statistics**

This section presents the descriptive results on different variables of employee engagement. Questionnaire was designed to show the views of respondents on levels of engagement in light of reward strategies and the following results were obtained. The respondents were required to indicate their opinion on a likert scale.

#### **4.1.3.1 Compensation**

The responses were rated on a five likert scale as presented in Table 4.2. Majority of 85.9% (49.1%+36.8%) respondents agreed with the statement that the level of increment and merit pay they receive is reasonable and matches output. Ninety four point eight per cent agreed with the statement that cash bonus is commensurate with the performance. Ninety six point five per cent agreed that they are motivated by the pay received. Ninety six point five per cent (96.5%) agreed that their current compensation package plays a role in retaining talent. Eight six per cent (86%) agreed that the current base pay matches job output. Eighty seven point eight per cent (87.8%) agreed that they are knowledgeable on the current pay system in place within the organization. Sixty six point seven per cent (66.7%) agreed that the package of compensation is well managed. Seventy nine per cent (79%) agreed that the managers of compensation packages are well trained to do so. Seventy three point seven per cent (73.7%) agreed that they understand the Hay Job Grading methodology. Seventy one point nine per cent (71.9%) agree that when better remunerated it increases engagement while another 71.9% agreed that variable pay motivates to achieve more.

On a five point scale, the average mean of the responses was 4.18 which means that majority of the respondents agreed with most of the statements; however the answers were varied as shown by a standard deviation of 0.81.

**Table 4.2: Compensation**

<b>Statement</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Mean</b>	<b>Std. Dev</b>
The level of increment and merit pay I receive is reasonable and matches output.	1.80%	1.80%	10.50%	49.10%	36.80%	4.18	0.83
My cash bonus is commensurate with my performance	1.80%	1.80%	1.80%	47.40%	47.40%	4.37	0.77
I am motivated by the pay I receive	0.00%	1.80%	1.80%	52.60%	43.90%	4.39	0.62
My current compensation package plays a role in retaining talent	1.80%	1.80%	0.00%	49.10%	47.40%	4.39	0.75
My current base pay matches my job output	3.50%	1.80%	8.80%	47.40%	38.60%	4.16	0.92
I am knowledgeable on the current pay system in place within the organization	1.80%	1.80%	8.80%	40.40%	47.40%	4.30	0.84
The package of compensation is well managed	1.80%	0.00%	31.60%	38.60%	28.10%	3.91	0.87
The managers of compensation packages are well trained to do so	0.00%	0.00%	21.10%	50.90%	28.10%	4.07	0.70
Employees are well informed and involved in the formulation, discussion and implementation of policies concerning compensation	1.80%	0.00%	17.50%	49.10%	31.60%	4.09	0.81
The compensation packages are well defined and explained to employees	1.80%	0.00%	17.50%	31.60%	49.10%	4.26	0.88
I understand the Hay Job Grading methodology used in my organization.	0.00%	0.00%	26.30%	35.10%	38.60%	4.12	0.80
When I'm better remunerated it increases my engagement.	1.80%	0.00%	26.30%	36.80%	35.10%	4.04	0.89
Variable pay motivates me to achieve more.	0.00%	0.00%	28.10%	35.10%	36.80%	4.09	0.81
<b>Average</b>						<b>4.18</b>	<b>0.81</b>

Further questions posed on what extent compensation had on work engagement and 70.2% agreed that a well-designed incentive policy/package would drive employees to be motivated and deliver more (cash bonus, piece rate pay, sales commissions). Seventy seven point two per cent (77.2%) agreed that a competitive increment pay drives employees to deliver more and to be engaged. Seventy three point seven per cent (73.7%) agreed that a competitive salary would enable the organization to recruit and retain the talent it needs. Seventy three point seven per cent 73.7% agreed that a well-designed incentive policy/package would drive employees to be motivated and deliver more (cash bonus, piece rate pay, sales commissions). Seventy eight point nine per cent (78.9%) agreed that a competitive increment pay drives employees to deliver more and to be engaged while 77.2% agreed that a competitive salary would enable the organization to recruit and retain the talent it.

On a five point scale, the average mean of the responses was 4.06 which means that majority of the respondents were agreeing with most of the statements; however the answers were varied as shown by a standard deviation of 0.84.

**Table 4.3: Compensation and Work engagement**

<b>Statement</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Mean</b>	<b>Std. Dev</b>
A well designed incentive policy/package would drive employees to be motivated and deliver more (cash bonus, piece rate pay, sales commissions).	0.00%	0.00%	29.80%	38.60%	31.60%	4.02	0.79
A competitive increment pay drives employees to deliver more and to be engaged.	0.00%	0.00%	22.80%	42.10%	35.10%	4.12	0.76
A competitive salary would enable the organization to recruit and retain the talent it needs.	1.80%	1.80%	22.80%	45.60%	28.10%	3.96	0.87
A well designed incentive policy/package would drive employees to be motivated and deliver more (cash bonus, piece rate pay, sales commissions).	1.80%	0.00%	24.60%	38.60%	35.10%	4.05	0.88
A competitive increment pay drives employees to deliver more and to be engaged.	1.80%	0.00%	19.30%	36.80%	42.10%	4.18	0.87
A competitive salary would enable the organization to recruit and retain the talent it needs .	1.80%	1.80%	19.30%	47.40%	29.80%	4.02	0.86
<b>Average</b>						<b>4.06</b>	<b>0.84</b>

#### 4.1.3.2 Benefits

The results are presented in table 4.4 below and show that 68.40% (36.8%+31.6%) of the respondents agreed that they were satisfied with the current employee benefits offered at the organization. Eight point seven per cent (80.7%) agreed that the benefits provided help to



improve the quality of life for my family and myself. Seventy five point four per cent (75.4%) agreed that the current benefits provide a level of financial security. Sixty eight point four per cent (68.4%) agreed that the current benefits play a role in retaining talent. Sixty eight point four per cent (68.4%) agreed that they are motivated by the benefits provided at the organization. Seventy seven point seven per cent (77.2%) agreed that the current benefit package is competitive in comparison to other organizations within the manufacturing industry. Seventy point two per cent (70.2%) agreed that the benefits that received are commensurate to their performance. Seventy three point seven per cent (73.7%) agreed that the organization has a menu-driven benefits mix that allows employees from different generations to build a package that fits their needs while 68.4% agreed that they are aware and fully understand the employee benefits offered.

On a five point scale, the average mean of the responses was 3.96 which means that majority of the respondents were agreeing with most of the statements; however the answers were varied as shown by a standard deviation of 1.07.

**Table 4.4: Benefits**

<b>Statement</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Mean</b>	<b>Std. Dev</b>
I am satisfied with the current employee benefits offered at the organization.	5.30%	3.50%	22.80%	36.80%	31.60%	3.86	1.08
The benefits provided help to improve the quality of life for my family and myself.	5.30%	1.80%	12.30%	49.10%	31.60%	4.00	1.00
The current benefits provide a level of financial security.	5.30%	3.50%	15.80%	38.60%	36.80%	3.98	1.08
The current benefits play a role in retaining talent.	5.30%	1.80%	24.60%	38.60%	29.80%	3.86	1.04
I am motivated by the benefits provided at my organization.	5.30%	1.80%	24.60%	29.80%	38.60%	3.95	1.09
The current benefit package is competitive in comparison to other organizations within the manufacturing industry.	5.30%	1.80%	15.80%	35.10%	42.10%	4.07	1.07
The benefits that I receive are commensurate to my performance.	5.30%	1.80%	22.80%	29.80%	40.40%	3.98	1.09
My organization has a menu-driven benefits mix that allows employees from different generations to build a package that fits their needs.	5.30%	1.80%	19.30%	38.60%	35.10%	3.96	1.05
I am aware and fully understand the employee benefits offered.	5.30%	1.80%	24.60%	29.80%	38.60%	3.95	1.09
<b>Average</b>						<b>3.96</b>	<b>1.07</b>

Further questions posed on what extent benefits had on work engagement and 75.5% responded with great extent that employees would be more motivated and engaged if they had a benefits mix that allows them to choose a benefit package. Sixty three point one per cent (63.1%) responded with a great extent when employees receive good healthcare, retirement pension they feel valued and are more productive at work while 78.9% responded with great

extent that involvement of employees in the formulation of the benefit structure and policy has an effect on engagement.

On a five point scale, the average mean of the responses was 3.95 which means that majority of the respondents were of a great extent with most of the statements; however the answers were varied as shown by a standard deviation of 1.08

**Table 4.5: Benefits and Work Engagement**

<b>Statement</b>	<b>Not at al</b>	<b>Little Extent</b>	<b>Moderate Extent</b>	<b>Great Extent</b>	<b>Very Great Extent</b>	<b>Mean</b>	<b>Std. Dev</b>
Employees would be more motivated and engaged if they had a benefits mix that allows them to choose a benefit package based on what they value most at different life stages.	5.30%	3.50%	15.80%	40.40%	35.10%	3.96	1.07
When employees receive good healthcare, retirement pension they feel valued and are more productive at work.	5.30%	3.50%	28.10%	33.30%	29.80%	3.79	1.08
Involvement of employees in the formulation of the benefit structure and policy has an effect on engagement.	5.30%	3.50%	12.30%	33.30%	45.60%	4.11	1.10
<b>Average</b>						<b>3.95</b>	<b>1.08</b>

#### **4.1.3.3 Personal and Professional Development**

The results are presented in table 4.6 and show 70.2% (21.1%+35.1%) of the respondents agreed that personal and professional development systems at the organization enable me to

manage my own career. Seventy five point five per cent (75.5%) agreed that personal and professional development systems at the organization provide me with the tools and opportunities to enhance my skills and capabilities. Seventy five point four per cent (75.4%) of the respondents agreed that personal and professional development systems put in place at the organization enhance employee engagement. Seventy five point four per cent (75.4%) agreed that personal and professional development systems in place play a role in retaining talent at the organization. Sixty eight point four per cent (68.4%) of the respondents agreed that the organization has a policy that governs career growth for staff. Eight two point five per cent (82.5%) agreed that the organization discusses career plans with employees before decisions are taken on what is appropriate for both parties. Seventy one point nine per cent (71.9%) agreed that the organization's management provides regular training on all cadres of staff to enhance their engagement. Fifty four point four per cent (54.4%) of the respondents agreed that they see a future in a higher level role in my organization while 80.7% of the respondents agreed that the direct supervisor takes interest in my career.

On a five point scale, the average mean of the responses was 3.96 which means that majority of the respondents were agreeing with most of the statements; however the answers were varied as shown by a standard deviation of 1.03.

**Table 4.6: Personal and Professional Development**

<b>Statement</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Mean</b>	<b>Std. Dev</b>
Personal and professional development systems at the organization enable me to manage my own career.	5.30%	3.50%	21.10%	35.10%	35.10%	3.91	1.09
Personal and professional development systems at the organization provide me with the tools and opportunities to enhance my skills and capabilities.	5.30%	3.50%	15.80%	35.10%	40.40%	4.02	1.09
Personal and professional development systems put in place at the organization enhance employee engagement.	5.30%	3.50%	15.80%	42.10%	33.30%	3.95	1.06
Personal and professional development systems in place play a role in retaining talent at the organization.	5.30%	3.50%	15.80%	33.30%	42.10%	4.04	1.10
The organization has a policy that governs career growth for staff.	3.50%	5.30%	22.80%	36.80%	31.60%	3.88	1.04
The organization discusses career plans with employees before decisions are taken on what is appropriate for both parties.	1.80%	3.50%	12.30%	42.10%	40.40%	4.16	0.90
The organization's management provides regular training on all cadres of staff to enhance their engagement.	3.50%	3.50%	21.10%	36.80%	35.10%	3.96	1.02
I see a future for myself in a higher level role in my organization.	3.50%	3.50%	38.60%	26.30%	28.10%	3.72	1.03
My direct supervisor takes interest in my career.	3.50%	1.80%	14.00%	54.40%	26.30%	3.98	0.90
<b>Average</b>						<b>3.96</b>	<b>1.03</b>

Further questions posed on what extent personal and professional development had on work engagement and 75.5% responded with a great extent that professional and leadership training are provided. Seventy seven point two percent (77.2%) responded with a great extent there is existence of clear career path that is discussed. Eighty point seven per cent (80.7%) responded with great extent that there are performance management systems that allow for progression/growth in career. Seventy seven point two per cent (77.2%) responded with great extent that there are career development opportunities through mentoring, secondment and succession planning while 57.9% responded with great extent they believe that personal and professional development has an effect on engagement. On a five point scale, the average mean of the responses was 3.94 which means that majority of the respondents were of a great with most of the statements; however the answers were varied as shown by a standard deviation of 1.00.

**Table 4.7: Personal and Professional Development and Work Engagement**

<b>Statement</b>	<b>Not at al</b>	<b>Little Extent</b>	<b>Moderate Extent</b>	<b>Great Extent</b>	<b>Very Great Extent</b>	<b>Mean</b>	<b>Std. Dev</b>
Professional and leadership training are provided.	3.50%	3.50%	17.50%	40.40%	35.10%	4.00	1.00
There is existence of clear career path that is discussed	3.50%	1.80%	17.50%	47.40%	29.80%	3.98	0.94
There are performance management systems that allow for progression/growth in career	5.30%	0.00%	14.00%	49.10%	31.60%	4.02	0.97
There are Career development opportunities through mentoring, secondment and succession planning	5.30%	1.80%	15.80%	43.90%	33.30%	3.98	1.03
I believe that personal and professional development has an effect on engagement	5.30%	1.80%	35.10%	29.80%	28.10%	3.74	1.06
<b>Average</b>						<b>3.94</b>	<b>1.00</b>

#### **4.1.3.4 Work Environment**

The results are presented in table 4.8 and show 73.7% (42.1%+31.6 %) responded with a great extent the job allows some level of autonomy. Sixty four point nine per cent (64.9%) responded with a great extent that concerns on employee work environment are taken seriously. Seventy nine point nine per cent (79%) were of great extent that they had a flexible working arrangement in place. Sixty three point one per cent (63.1%) responded with great extent that praise for a job well done from my supervisor encourages to perform my job better. Eighty point seven per cent (80.7%) responded with a great extent that when they get formal recognition from my supervisor, they feel engaged and increase performance while 78.9% responded with great extent that there are flexible work schedules that allow employees to meet family or personal commitments/emergencies.

On a five point scale, the average mean of the responses was 3.92 which means that majority responded with great extent in most of the statements; however the answers were varied as shown by a standard deviation of 1.07.

**Table 4.8: Work Environment**

<b>Statement</b>	<b>Not at all</b>	<b>Little Extent</b>	<b>Moderate Extent</b>	<b>Great Extent</b>	<b>Very Great Extent</b>	<b>Mean</b>	<b>Std. Dev</b>
Job allows me some level of autonomy	5.30%	3.50%	17.50%	42.10%	31.60%	3.91	1.06
Concerns on employee work environment are taken seriously	5.30%	3.50%	26.30%	36.80%	28.10%	3.79	1.07
We have a flexible working arrangement in place	5.30%	3.50%	12.30%	50.90%	28.10%	3.93	1.02
Praise for a job well done from my supervisor encourages me to perform my job better	5.30%	3.50%	28.10%	29.80%	33.30%	3.82	1.10
When I get formal recognition from my supervisor, I feel engaged and increase my performance.	5.30%	5.30%	8.80%	36.80%	43.90%	4.09	1.11
There are flexible work schedules that allow employees to meet family or personal commitments/emergencies	5.30%	3.50%	12.30%	45.60%	33.30%	3.98	1.04
<b>Average</b>						<b>3.92</b>	<b>1.07</b>

Further questionnaire were asked to what extent the aspects of work environment would affect engagement. Eighty four point two per cent (84.2%) responded with that flexible work schedules provide work/life balance. Seventy seven point two per cent (77.2%) responded with great extent that flexible work schedules reduce work life conflicts and have an effect on engagement. Seventy three point seven per cent 77.2% responded that meaningful and challenging work would have a great extent. Seventy nine point nine per cent (79%) responded recognition and appreciation of contribution by supervisor had a great extent. Sixty eight point four per cent (68.4%) responded that freedom to plan and work independently had a great extent while 84.2% responded that work co-operatively with supervisor and other team members had a great extent.



On a five point scale, the average mean of the responses was 4.05 which means that majority responded with great extent in most of the statements; however the answers were varied as shown by a standard deviation of 1.07.

**Table 4.9: Work Environment and Work Engagement**

<b>Statement</b>	<b>Not at all</b>	<b>Little Extent</b>	<b>Moderate Extent</b>	<b>Great Extent</b>	<b>Very Great Extent</b>	<b>Mean</b>	<b>Std. Dev</b>
Flexible work schedules (provide work/life balance)	5.30%	3.50%	7.00%	47.40%	36.80%	4.07	1.03
Flexible work schedules reduce work life conflicts and have an effect on engagement	5.30%	5.30%	12.30%	35.10%	42.10%	4.04	1.12
Meaningful and challenging work	5.30%	3.50%	14.00%	43.90%	33.30%	3.96	1.05
Recognition and appreciation of my contribution by my supervisor	5.30%	1.80%	14.00%	28.10%	50.90%	4.18	1.09
Freedom to plan and work independently	5.30%	3.50%	22.80%	29.80%	38.60%	3.93	1.12
Work co-operatively with supervisor and other team members	5.30%	1.80%	8.80%	47.40%	36.80%	4.09	1.01
<b>Average</b>						<b>4.05</b>	<b>1.07</b>

#### **4.1.4 Inferential Statistics**

Inferential analysis was conducted to generate correlation results, model of fitness, and analysis of the variance and regression coefficients.

##### **4.1.4.1 Correlation Analysis**

Table 4.10 below presents the results of the correlation analysis. The results revealed that compensation and employee engagement are positively and significant related ( $r=.587$ ,  $p=0.000$ ). The table further indicated that benefits and employee engagement are positively

and significantly related ( $r=0.738$ ,  $p=0.000$ ). It was further established that personal and professional development and employee engagement were positively and significantly related ( $r=0.530$ ,  $p=0.000$ ). Similarly, results showed that work environment and employee engagement were positively and significantly related ( $r=0.581$ ,  $p=0.000$ ). This implies that an increase in compensation, benefits, personal development and work environment led to an improvement in employee engagement.

**Table 4.10: Correlation Matrix**

		<b>Employee Engagement</b>	<b>Mean Compe nsation</b>	<b>Mean Benefits</b>	<b>Mean Personal development</b>	<b>Mean Work Environment</b>
Employee Engagement	Pearson Correlation Sig. (2- tailed)	1.000				
Mean Compensation	Pearson Correlation Sig. (2- tailed)	.587**	1.000			
		.000				
Mean Benefits	Pearson Correlation Sig. (2- tailed)	.738**	.508**	1.000		
		.000	.000			
Mean Personal development	Pearson Correlation Sig. (2- tailed)	.530**	0.189	.396**	1.000	
		.000	0.160	0.002		
Mean Work Environment	Pearson Correlation Sig. (2- tailed)	.581**	.464**	.646**	0.135	1.000
		.000	.000	.0000	0.318	
** Correlation is significant at the 0.01 level (2-tailed).						

#### **4.1.4.2 Regression Analysis**

The results presented in table 4.11 present the fitness of model used of the regression model in explaining the study phenomena.

Compensation, benefits, personal development and work environment were found to be satisfactory variables in explaining employee engagement. This is supported by coefficient of determination also known as the R square of 69.3%. This means that Compensation, benefits, personal development and work environment explain 69.3%% of the variations in the dependent variable, which is employee engagement in at Bamburi Cement limited.

This results further means that the model applied to link the relationship of the variables was satisfactory.

**Table 4.11: Regression of Coefficient**

<b>Variable</b>	<b>Unstandardized Coefficients B</b>	<b>Std. Error</b>	<b>Standardized Coefficients Beta</b>	<b>t</b>	<b>Sig.</b>
(Constant)	(0.847)	0.587		(1.443)	0.155
Compensation	0.458	0.162	0.257	2.820	<b>0.007</b>
Benefits	0.352	0.111	0.365	3.183	<b>0.002</b>
Professional Development	0.269	0.073	0.312	3.676	<b>0.001</b>
Work Environment	0.145	0.082	0.184	2.010	<b>0.018</b>

The optimal model was therefore;

The multiple regression model was laid as below.

$$Y = -0.847 + 0.458X_1 + 0.352X_2 + 0.269X_3 + 0.145X_4$$

Where:

Y = Employee engagement

X<sub>1</sub> = Compensation

$X_2$  = Benefits

$X_3$  = Professional development.

$X_4$  = Work environment.

#### **4.1.4.5 Discussion of the Findings**

The first objective of the study was to determine the effect of compensation on employee engagement in Bamburi Cement limited. Results revealed that compensation and employee engagement are positively and significant related ( $r=0.458$ ,  $p=0.007$ ). This finding is consistent Manolopoulos (2008) who argued that money pay drives employees. Compensation often impacts an employee's motivation and job satisfaction. Compensation systems positively impact a large percentage of workers' performances and employees feel motivated to help their companies succeed.

The second objective of the study was to determine the effect of benefits on employee engagement in Bamburi Cement limited. Results indicated that benefits and employee engagement are positively and significantly related ( $r=0.352$ ,  $p=0.002$ ). This finding agrees with Bernardin (2007), who observed that employee benefits are meant to improve the quality of life for the employee and his family. It gives him security and has the ability to attract and retain staff and cause them to be motivated and engaged.

The third objective of the study was to determine the effect of personal and professional on employee engagement in Bamburi Cement limited. Personal development and employee engagement were positively and significantly related ( $r=0.269$ ,  $p=0.001$ ). The findings also agree with that of Cao and Hamori (2015) had a study on exploring types of development as a driver to organizational commitment, similar to aspects of employee engagement. When

employees are engaged, the business benefits in that they are retained within because they get growth opportunities to enable them grow in their careers. This then leads to increased productivity and increases knowledge that is shared internally. By providing avenues for staff to increase their skills, knowledge and expertise, the organization demonstrate that they value their staff. This in response, impacts on the esteem of the employee causing them to be committed and become engaged.

The fourth and the last objective of the study was to determine the effect of work environment on employee engagement in Bamburi Company limited. Results showed that work environment and employee engagement were positively and significantly related ( $r=0.145$ ,  $p=0.018$ ). This finding agrees with that of (Paul, 2016) who argued that when employees feel appreciated, great results take after, including expanded worker commitment. Even though many organizations provide formal reward and recognition programs for their employees' effort and innovation, they still expect informal recognition day to day

#### **4.2 Limitations of the Study**

Considering the sensitivity of the matters regarding the processing criteria, most of them keep their records as confidential. In most organizations, policies have been instituted to treat with strict confidentiality access of such information. The researcher therefore encountered challenges in securing this vital information from these productions units at the plant. Also, the researcher was constrained by the fact that the response was dependent on the current/present employees instead of also using the employees who have left the institutions. Also, due to the fear of victimization, the respondents were not willing to share very important information regarding the study. The researcher assured anonymity to encourage the respondents to share their records for research purposes only. The study was limited to

existing models and their influence on employee engagement. The study was also conducted at the factory located in Athi River and was limited in scope by the fact that Bamburi is a large organization decentralized in other counties.

### **4.3 Chapter Summary**

This chapter dealt with the presentation and analysis of the data collected organized as per the specific objectives of the study presented in Tables and Figures. Descriptive data on demographics details of the respondents is provided. The descriptive statistics of the data and the responses from the respondents is also presented in detail. The result of the regression analysis brings out the meaning of the data as well as the outcome of the research questions. These findings were discussed in chapter 5 in the context of the literature to draw conclusions and recommendations.

## **CHAPTER FIVE**

### **SUMMARY, RECOMMENDATIONS AND CONCLUSIONS**

#### **5.0 Introduction**

This chapter addressed the summary of the findings, the conclusions and the recommendations. This was done in line with the objectives of the study.

#### **5.1 Summary of Findings**

This section provides a summary of the findings from the analysis. This was done in line with the objectives of the study.

##### **5.1.1 Compensation**

The first objective of the study was to determine the effect of compensation on employee engagement in Bamburi Cement Limited. Regression results revealed that compensation had a positive and significant effect on employee engagement at Bamburi Cement Limited. This means that an increase in compensation led to an improvement in employee engagement. Findings showed that when employees are well remunerated, they became more engaged and that variable pay motivates them to achieve more. The study also revealed that employees strongly felt that a well designed incentive/package would drive them to be motivated and deliver more and that a competitive salary would enable the organization to recruit and retain talent. The symbolic meaning of money concerns how power as a result of money is viewed by society. In job situations, pay drives when it is seen to recognize and encourage a certain behavior in relation to performance and is seen as fair and equitable. The use of financial incentives in work performance is based on reinforcement theory which focuses on

encouraging a certain behavior to achieve a certain target and the result is pay. Money pay drives employees (Manolopoulos, 2008).

### **5.1.2 Benefits**

The second objective of the study was to establish the effect of benefit on employee engagement. Regression results revealed that benefits had a positive and significant effect on employee engagement at Bamburi Cement Limited. This means that an increase in benefits led to an improvement in employee engagement.

The findings agree with that of SunJung and Yoon (2015) who stressed that, while pay is weakly associated with engagement levels, benefits have a particularly strong relationship. Employee benefits are meant to improve the quality of life for the employee and his family. It gives him security and has the ability to attract and retain staff and cause them to be motivated and engaged. A large number of respondents said they felt motivated and engaged when there was a benefit mix in place that allowed them to choose a benefit packaged based on what they valued most. Decisions on benefits are key to the organizations as they are key as they are commitment generating devices.

### **5.1.3 Personal and Professional Development.**

The third objective was to investigate the effect of personal and professional development on employee engagement. Regression results revealed that personal and professional development had a positive and significant effect on employee engagement at Bamburi Cement Limited. This means that an increase in personal and professional development led to an improvement in employee engagement.



The findings also agree with that of Cao and Hamori (2015) had a study on exploring types of development as a driver to organizational commitment, similar to aspects of employee engagement. When employees are engaged, the business benefits in that they are retained within because they get growth opportunities to enable them grow in their careers. This then leads to increased productivity and increases knowledge that is shared internally. By providing avenues for staff to increase their skills, knowledge and expertise, the organization demonstrate that they value their staff. This in response, impacts on the esteem of the employee causing them to be committed and become engaged.

#### **5.1.4 Work Environment**

The fourth objective was to determine the effect of work environment on employee engagement. Regression results revealed that work environment had a positive and significant effect on employee engagement at Bamburi Cement Limited. This means that an increase in a better work environment led to an improvement in employee engagement.

This finding agrees with that of (Paul, 2016) who argued that when employees feel appreciated, great results take after, including expanded worker commitment, less staff turnover, higher customer loyalty appraisals and the organization develops in its feeling of motivation. Engaged employees have the awareness of how specific goals must be achieved in specific ways, therefore he/she directs efforts to achieve such goals. Even though many organizations provide formal reward and recognition programs for their employees' effort and innovation, they still expect informal recognition day to day.

## **5.2 Recommendations**

### **5.2.1 Compensation**

The study recommended Bamburi Cement limited maintain and enhance formulation, and implementation of policies concerning compensation. A competitive pay increment is recommended to drive employees to deliver more and to be engaged. A recommended competitive salary would enable the organization to recruit and retain the talent it needs. Employers are continually challenged to develop compensation policies that will enable them to attract and satisfy their employees. The use of financial incentives in work performance is based on reinforcement theory which focuses on encouraging a certain behavior to achieve a certain target and the result is pay as money drives employees. It is important to carry out salary surveys as well as involve staff representative in the decision making process to ensure that all parties benefit from the process.

### **5.2.2 Benefits**

The study recommended Bamburi Cement limited that employees be allowed to choose available benefit package based on what they value most at different life stages. Employees have many needs all of which are continually competing against each other hence important to analyze different socio-demographic issues of the population to guide on the acceptable benefits that add value. To become more competitive, the organization must focus on every factor affecting their performance including the human factor with the goal of having in place a high performance workforce. The management can review which benefits do not have value addition and replace them with what employees seem to embrace more. This means that more resources will be driven where it is needed and reduced where it is not needed.

### **5.2.3 Personal and professional development**

The study recommended Bamburi Cement limited to enhance performance management system that allow for progression/growth in career. Developmental assignments, along with support from direct and senior management, have the strongest positive relationship with organizational commitment as compared to other development practices of coaching, mentoring and training. By providing avenues for staff to increase their skills, knowledge and expertise, the organization demonstrate that they value their staff. This in response, impacts on the esteem of the employee causing them to be committed and become engaged.

### **5.2.4 Work Environment.**

The organization should create an engaging environment by supporting contributions from employees by listening to them and responding to their ideas and concerns. Even if formal rewards and recognition programs are in place, many employees are hungry for more day-to-day informal recognition. Employees tend to remember a single pat on the back from a co-worker or boss for long and creates strong partnerships. The study recommends that management creates a recognition program where employees are recognized and formally appreciated for achievements. It also recommends for a training program for all managers on how to appreciate, and or recognize staff with the ultimate goal of improving staff morale and motivation. It is also recommended that flexi-time be something that management can formally recognize and utilize to ensure employees can also attend to their personal life matters as well as contribute to the organization. This builds commitment since employees are more relaxed.

### **5.3 Conclusions**

The study concludes that compensation, benefits, personal/profession development and work environment have an effect on employee engagement in Bamburi Company Limited. The study concluded that performance management systems should be tailored to the specific needs of each organization and reward systems that enhance employee performance, motivation and retention, creating a contemporary and complete performance and reward framework as it is critical for the success of an organization. There is no total reward ‘silver bullet’ that if fired, employees will be automatically engaged. Employee engagement and its links to reward need defining and understanding in each organizational setting. By paying greater attention to how total reward might be designed to fit the needs and character of employees, this research is in support that total reward provides some potential to build both higher levels of extrinsic and intrinsic motivation and higher levels of employee engagement.

### **5.4 Implication for research**

The study sought to determine the effect of compensation, benefits, personal/profession development on employee engagement at Bamburi Cement Ltd. The study will assist management and policy makers in determining employees opinion on the reward strategies available at the organization with the view of improving the offering by proposing to improve what adds value to the employee and minimize what doesn’t contribute to the bottom line in order to save on organization resources. Other manufacturing companies for example Athi River Mining and Savannah Cement Limited can be studied for purpose of making a comparison of the findings with those of the current study.

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## **APPENDICES**

### **APPENDIX I**

Letter of Introduction

#### **RELATIONSHIP BETWEEN TOTAL REWARD MANAGEMENT SYSTEMS AND EMPLOYEE ENGAGEMENT**

September, 2017

Dear Respondent,

I am a student at management University of Africa pursuing a Masters Degree in Business Administration and currently conducting a research on the Relationship Between Total Reward management Systems and Employee Engagement at Bamburi Cement Ltd.

The course requires that I carry out the research project as a partial fulfillment to the award of the degree. It is for this reason that I am conducting this research work. I kindly request your co-operation and input in this area of study and would appreciate your honest opinions and contribution in this regard.

The information so obtained in the attached questionnaire, will be used for academic research only. I commit myself to keep the same with utmost confidentiality.

Yours faithfully

Julia Wamweru

## Questionnaire

1. Name (optional): .....

3. Age 20-30 ( ) 31-40 ( ) 41-55 ( )

5. Indicate the highest level of education

Tertiary College/Diploma ( ) Post Graduate ( )

Production           ( )

Logistics             ( )

Dispatch ( )

Middle Management ( ) Senior Management ( )

4 - 7 yrs ( )      8 - 10 yrs ( )

Above 10 yrs ( )

## COMPENSATION

To what extent do you agree with the below statements in regard to the current compensation at your organization?

Strongly Disagree=1, Disagree=2, Neutral=3, Agree=4, Strongly Agree=5

<b>Statement</b>	<b>Strongly Disagree [1]</b>	<b>Disagree [2]</b>	<b>Neutral [3]</b>	<b>Agree [4]</b>	<b>Strongly Agree [5]</b>
The level of increment and merit pay I receive is reasonable and matches output.					
My cash bonus is commensurate with my performance					
I am motivated by the pay I receive					
My current compensation package plays a role in retaining talent					
My current base pay matches my job output					
I am knowledgeable on the current pay system in place within the organization					

The package of compensation is well managed					
The managers of compensation packages are well trained to do so					
Employees are well informed and involved in the formulation, discussion and implementation of policies concerning compensation					
The compensation packages are well defined and explained to employees					
I understand the Hay Job Grading methodology used in my organization.					
When I'm better remunerated it increases my engagement.					
Variable pay motivates me to achieve more.					

To what extent do you agree with the following statements on effect of compensation on engagement?

Strongly Disagree=1, Disagree=2, Neutral=3, Agree=4, Strongly Agree=5

<b>Statement</b>	<b>Strongly Disagree [1]</b>	<b>Disagree [2]</b>	<b>Neutral [3]</b>	<b>Agree [4]</b>	<b>Strongly Agree [5]</b>
A well designed incentive policy/package would drive employees to be motivated and deliver more (cash bonus, piece rate pay, sales commissions).					
A competitive increment pay drives employees to deliver more and to be engaged.					
A competitive salary would enable the organization to recruit and retain the talent it needs.					

## **BENEFITS**

To what extent do you agree with the below statements in regard to your current benefit package at your organization? Strongly Disagree=1, Disagree=2, Neutral=3, Agree=4, Strongly Agree=5

<b>Statement</b>	<b>Strongly Disagree [1]</b>	<b>Disagree [2]</b>	<b>Neutral [3]</b>	<b>Agree [4]</b>	<b>Strongly Agree [5]</b>
I am satisfied with the current employee benefits offered at the organization.					

The benefits provided help to improve the quality of life for my family and myself.					
The current benefits provide a level of financial security.					
The current benefits play a role in retaining talent.					
I am motivated by the benefits provided at my organization.					
The current benefit package is competitive in comparison to other organizations within the manufacturing industry.					
The benefits that I receive are commensurate to my performance.					
My organization has a menu-driven benefits mix that allows employees from different generations to build a package that fits their needs.					
I am aware and fully understand the employee benefits offered.					

To what extent do you think the following aspects of benefits would affect engagement?  
 Using the scale 1=Not at all, 2=little extent, 3=moderate extent, 4=Great extent and 5=Very great extent.

<b>Statement</b>	<b>Not at al</b>	<b>Little Extent</b>	<b>Moderate Extent</b>	<b>Great Extent</b>	<b>Very Great Extent</b>
Employees would be more motivated and engaged if they had a benefits mix that allows them to choose a benefit package based on what they value most at different life stages.					
When employees receive good healthcare, retirement pension they feel valued and are more productive at work.					
Involvement of employees in the formulation of the benefit structure and policy has an effect on engagement.					

## PERSONAL AND PROFESSIONAL DEVELOPMENT

To what extent do you agree with the following statements in regards to your current personal and professional development at your organization?

Strongly Disagree=1, Disagree=2, Neutral=3, Agree=4, Strongly Agree=5

Statement	Strongly Disagree [1]	Disagree [2]	Neutral [3]	Agree [4]	Strongly Agree [5]
Personal and professional development systems at the organization enable me to manage my own career.					
Personal and professional development systems at the organization provide me with the tools and opportunities to enhance my skills and capabilities.					
Personal and professional development systems put in place at the organization enhance employee engagement.					
Personal and professional development systems in place play a role in retaining talent at the organization.					
The organization has a					



policy that governs career growth for staff.					
The organization discusses career plans with employees before decisions are taken on what is appropriate for both parties.					
The organization's management provides regular training on all cadres of staff to enhance their engagement.					
I see a future for myself in a higher level role in my organization.					
My direct supervisor takes interest in my career.					

To what extent would the following aspects of personal and professional development affect employee engagement?

Use the scale 1= very great extent, 2=great extent, 3=moderate extent, 4=little extent and 5=not at all.

<b>Statement</b>	<b>Not at al</b>	<b>Little Extent</b>	<b>Moderate Extent</b>	<b>Great Extent</b>	<b>Very Great Extent</b>
Professional and leadership training provided					
Existence of clear career path that is discussed					
Performance management systems that allow for progression/growth in career					
Career development opportunities through mentoring, secondment and succession planning					
I believe that personal and professional development has an effect on engagement					

## WORK ENVIRONMENT

To what extent do the following aspects of work environment affect your level of engagement at your organization? Using the scale 1=very great extent, 2=great extent, 3=moderate extent, 4=little extent and 5=not at all

Statement	Not at all	Little Extent	Moderate Extent	Great Extent	Very Great Extent
Job allows me some level of autonomy					
Concerns on employee work environment are taken seriously					
We have a flexible working arrangement in place					
Praise for a job well done from my supervisor encourages me to perform my job better					
On getting formal recognition from supervisor, I feel engaged & increase my performance.					
There are flexible work schedules allowing employees to meet family al commitments/emergencies					

To what extent do you think the following aspects of work environment would affect engagement? Using the scale 1=very great extent, 2=great extent, 3=moderate extent, 4=little extent and 5=not at all

<b>Statement</b>	<b>Not at all</b>	<b>Little Extent</b>	<b>Moderate Extent</b>	<b>Great Extent</b>	<b>Very Great Extent</b>
Flexible work schedules (provide work/life balance)					
Flexible work schedules reduce work life conflicts and have an effect on engagement					
Meaningful and challenging work					
Recognition and appreciation of my contribution by my supervisor					
Freedom to plan and work independently					
Work co-operatively with supervisor and other team members					

## EMPLOYEE ENGAGEMENT

<b>Statement</b>	<b>Strongly Disagree [1]</b>	<b>Disagree [2]</b>	<b>Neutral [3]</b>	<b>Agree [4]</b>	<b>Strongly Agree [5]</b>
Employees are ready to take new tasks as needed.					
Employees adapt quickly to difficult situations.					
Employees are excited going to work.					
Employees are inspired to meet their goals at work.					
Employees take the initiative to help each other when need arises.					
Employees are willing to accept change.					